

**UBI SOFT FINANCIAL
REPORT
2000/2001**



REFERENCE DOCUMENT

>>> 2000/2001



**A joint stock company with capital of FF 34,181,330
divided into 17,090,665 shares with a face value of FF 2
Registered office: 61, rue Saint Héliier -35000 Rennes (France).
Phone: 33 (0)1 48 18 50 00
Rennes Companies Register no. R.C.S. 335 186 094
Code: NAF 921 G**

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>>> This Financial Report is a free translation of the "Document de Référence" which was recorded, in accordance with Regulation 98-01, by the Commission des Opérations de Bourse (the French Securities and Exchange Commission) on **September 14th** under the **number R.01-426**.

**Copies of this reference document are available from Ubi Soft Entertainment's commercial offices:
28, rue Armand Carrel,
93108 Montreuil-sous-Bois Cedex, France.**



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PERSONS RESPONSIBLE FOR THE REFERENCE DOCUMENT AND STATUTORY AUDITORS

>>> I.1. PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

Mr Yves Guillemot
Chairman of the Board of Directors

>>> I.2. DECLARATION BY THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

To the best of my knowledge the data in this reference document correspond to the facts. They include all the information investors need to assess the net worth, activity, financial position, results and prospects for Ubi Soft Entertainment SA; there is no omission that would alter the conclusions.

Mr Yves Guillemot

>>> I.3. NAMES AND ADDRESSES OF STATUTORY AUDITORS

NAME	DATE OF FIRST APPOINTMENT	EXPIRATION DATE OF CURRENT TERM
Incumbent: Mr André MÉTAYER Cabinet André Métayer 5, rue Marie Alizon 35000 Rennes	1986	2004
Alternate: Mr Pierre BORIE 15, rue Charles Le Goffic 35700 Rennes	1996	2004
Incumbent: Compagnie Consulaire d'Expertise Comptable Jean Delquié (Manager: Benoît Fléchon) 84, boulevard de Reuilly 75012 Paris	1996	2001
Alternate: Mr Jean DELQUIÉ 84, boulevard de Reuilly 75012 Paris	1996	2001

>>> 1.4 DECLARATION BY THE STATUTORY AUDITORS

In our capacity as statutory auditors of Ubi Soft Entertainment and in accordance with COB regulation 98-01, we have verified the information concerning the financial position and accounts given in this reference document in accordance with current professional standards in France.

This reference document was drawn up under the responsibility of Mr Yves Guillemot, Chairman of the Board of Directors. It is our responsibility to state an opinion on whether the information it contains presents an accurate picture of the financial position and the accounts.

Our due diligence consisted of ensuring, in accordance with current professional standards in France, that the information on the financial position and the accounts presents an accurate picture and verifying that it agrees with the accounts that have already been the subject of a report. It was also our responsibility to read other information contained in the reference document in order to identify any significant inconsistency with information on the financial position in the accounts and to report any manifestly incorrect information which came to light based on the general understanding of the company which we acquired in the course of our work. In the case of isolated projections which resulted from formulated calculations, we took account of the assumptions made by the directors and their conversion into numerical form.

The annual corporate and consolidated accounts for the financial years ending on March 31, 1999, 2000 and 2001, which were approved by the Board of Directors, were audited by us in accordance with current professional standards in France. They are certified without reservation and without comment.

We have no comments to make regarding the accuracy of the information concerning the financial situation and the accounts as set out in this reference document.

Rennes and Paris, 09.13.2001

CABINET ANDRÉ MÉTAYER
André Métayer

COMPAGNIE CONSULAIRE D'EXPERTISE COMPTABLE JEAN DELQUIÉ
Jean Delquié/Benoît Fléchon

>>> 1.5. INFORMATION POLICY

Person responsible for information:

Mr Yves GUILLEMOT

Chairman of the Board of Directors
28, rue Armand Carrel
93108 Montreuil-sous-Bois Cedex
Tel.: 01.48.18.50.00
www.ubisoft.com

Schedule of financial communications for the 2001-2002 financial year:

	Date
First quarter sales	August 2, 2001
Half-year sales	October 31, 2001
Half-year earnings	December 14, 2001
Analyst meeting	December 14, 2001
Third quarter sales	February 1, 2002
Annual sales	May 3, 2002





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SECURITIES ISSUES

Not applicable.

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UBI SOFT ENTERTAINMENT SA AND ITS CAPITAL

>>> 3. I. GENERAL INFORMATION ON UBI SOFT ENTERTAINMENT SA

3.1.1. Company name and registered office

The Extraordinary General Meeting held on March 20, 1996 replaced the previous company name, UBI SOFT SA, with **Ubi Soft Entertainment SA**.

The Extraordinary General Meeting of February 15, 1999 transferred the registered office to 61, rue St Héliier in Rennes (35000).

The business address of the company is 28, rue Armand Carrel 93100 Montreuil, France.

3.1.2. Legal status

A limited liability company governed by the Commercial Code.

3.1.3. Applicable jurisdiction

Company subject to French law.

3.1.4. Company founding and expiration dates

The company was founded on March 28, 1986 for a term of 99 years, expiring on April 9, 2085, unless it is extended or wound up earlier.

3.1.5. Objects of the company (Article 3 of the Articles of Association)

Ubi Soft Entertainment SA has the following objects in France and abroad, directly and indirectly:

- > the creation, publishing and distribution of all kinds of multimedia, audiovisual and computer products, especially video games, educational and cultural software, cartoons and literary, cinematographic and televisual works on any media, current or future;
- > the distribution of all kinds of multimedia and audiovisual products, especially through new communication technologies such as networks and on-line services;
- > the purchase, sale and trading in general, in all its forms, both import and export, through rental or otherwise, of any computer and word-processing hardware with their accessories, as well as any hardware or products for reproducing sound and pictures;

- > the marketing and management of all data processing and word processing computer programs;
- > support, assistance and training relating to the above-mentioned fields;
- > the investment of the company in any operation which may relate to its objects by creating new companies, subscribing to or purchasing shares or corporate rights, by mergers or by other means,
- > and in general any operation related directly or indirectly to the above objects or similar or related purposes likely to promote the growth of the company.

3.1.6. Trade and Companies Register

The company is registered in the Trade and Companies Register under the number RENNES: B 335 186 094 – Activity NAF code: 921 G.

3.1.7. Location of legal documents regarding the company

The Articles of Association, financial statements and reports and minutes of General Meetings may be consulted at the above-mentioned business office.

3.1.8. Accounting period

The company's accounting period starts on April 1 and ends on March 31 each year.

3.1.9. Statutory distribution of profits (Article 17 of the Articles of Association)

The income from the financial year, once operating expenses, depreciation and provisions have been deducted, constitutes the earnings. The following items are deducted from the profits for the financial year after deducting losses carried forward from previous years where appropriate:

- > the sums to be allocated to reserves in accordance with the law or



the Articles of Association and, in particular, at least 5% to make up the statutory reserve fund. This allocation is no longer obligatory when the said fund reaches an amount equal to one-tenth of the share capital. It is resumed if for any reason the statutory reserve falls below this fraction;

- any amounts which the General Meeting, in response to a proposal by the Board of Directors, deems necessary to allocate to extraordinary or special reserves or to carry forward.

The balance shall be distributed to the shareholders. However, unless there is a reduction in capital, no distribution may be made to shareholders where the equity capital is, or would be if such distribution were to take place, less than the amount of the capital plus the reserves, which by law or under the terms of the Articles of Association, may not be distributed.

The General Meeting may, in accordance with the provisions of Article 351 of the Commercial Code (formerly Article 361 of Law no. 66-537 of July 24, 1966), grant each shareholder the option of receiving all or part of the dividends to be distributed or the interim dividends in cash or in the form of shares.

3.1.10. General Meetings (Article 14 of the Articles of Association)

General Meetings shall consist of all the shareholders, with the exception of the company itself, Ubi Soft Entertainment SA. They shall represent the totality of shareholders.

General Meetings shall be called and held in accordance with the conditions set by the Commercial Code and by the Companies Act of March 23, 1967.

The General Meetings shall be held at the registered office or at any other place specified in the calling notice.

They shall be chaired by the Chairman of the Board of Directors or, failing this, by a director appointed for the purpose by the General Meeting.

Every shareholder has the right, upon proof of his or her identity, to take part in General Meetings by attending in person, by returning a postal voting form, or by appointing a proxy, subject to the following conditions:

- holders of registered shares or voting rights certificates must be registered by name in the company register;
- holders of bearer shares must deposit, in the places specified in the calling notice, a certificate issued by an authorized intermediary to the effect that their shares held on the accounts will be unavailable until the date of the Meeting.

These formalities shall be completed at least five days before the Meeting.

In all General Meetings, voting rights attached to shares which include the right of usufruct shall be exercised by the usufructuary.

Passing of threshold (Article 6 of the Articles of Association)

Any shareholder, acting alone or in concert, subject to the thresholds covered by Article -7-1 paragraph 1 of the Commercial Code, who holds directly or indirectly at least 1% of the company's share capital or voting rights, or a multiple of this percentage which shall be less than or equal to 4%, shall be required to notify the company thereof in a letter sent by recorded delivery within the period laid down in Article L.233-7 (formerly Article 356-1 of the Law of July 24, 1966).

The notification required under the previous paragraph for any passing of the threshold of a multiple of 1% of the capital or voting rights is also required whenever such a share in the capital or voting rights drops below the above-mentioned threshold.

Failure to report any such passing of both legal and statutory thresholds shall result in the withdrawal of voting rights under the conditions laid down in Article L.233-14 of the Commercial Code (formerly Article 356-4 of the Law of July 24, 1966) if requested by one or more shareholders who together hold at least 5% of the capital or voting rights of the company.

Buyback program

A share buyback program was authorized by the combined Ordinary and Extraordinary General Meeting of September 23, 2000. In accordance with Articles L 225-209 et seq. of the Commercial Code the objectives of this program are, in order of priority, to:

- stabilize the company's stock price;
- hold and dispose of the shares purchased;
- deliver shares in payment or exchange for the purposes of external growth;
- grant stock options to the employees and/or officers of the company and/or its Group.

As part of this share buyback program, by April 4, 2001 the company had acquired 634,395 of its own shares, representing 3.752% of the share capital.

Consent clause

The Articles of Association of Ubi Soft Entertainment SA do not contain any consent clause.

>>> 3.2. GENERAL INFORMATION ON THE CAPITAL

3.2.1. Share capital

As of March 31, 2001 the total share capital was FF 33,818,244, representing a total of 16,909,122 shares of the same category, each with a face value of FF 2.

3.2.2. Conditions for amending the capital and the respective rights of the various categories of shares (Articles 7 and 8 of the Articles of Association)

Each share shall give rights to ownership of a share of the corporate assets and any liquidating dividends equal to the proportion of the share capital which it represents.

Whenever it is necessary to own several shares in order to exercise a right of any kind, especially in the event of the exchanging, consolidation or allocation of shares, or following an increase or reduction in share capital, whatever the procedures adopted, or a merger or any other transaction, holders of shares which are fewer in number than that required may only exercise their rights on condition that they arrange for themselves to be part of a group, or for the purchase or sale of the number of shares or rights which constitute the necessary odd lots.

Voting rights which are double those conferred on other shares based on the proportion of the corporate assets which they represent shall be attributed to all fully paid-up shares which are proved to have been registered for at least two years in the name of the same shareholder.

In the event that the company assets are increased by the incorporation of reserves, profits or issue premiums, this right is also conferred, upon issue, on registered shares awarded free of charge to a shareholder on the basis of old shares by virtue of which he/she enjoys this right.

3.2.3. Authorized unissued capital

a) At a meeting on September 29, 1997, the Board of Directors used the authorization granted by the combined Ordinary and Extraordinary General Meeting of September 2, 1997 in order to issue convertible bonds without subscription right to a value of FF 100.2 million.

Chief characteristics of the first bond issue:

Number and face value:	167,000 bonds with a face value of FF 600
Issue price:	FF 600 per bond
Due date and settlement day:	October 10, 1997
Term of bond:	5 years and 173 days
Annual yield:	2% per year, or FF 12 per bond, payable on April 1 of each year starting April 1, 1998
Gross redemption yield:	4.26% on October 10, 1997
Normal redemption:	redeemed in full by April 1, 2003 by redemption at a price of FF 681.58, or 113.6% of the issue price

18,705 bonds were converted in the 2000-2001 financial year, with 40,711 bonds remaining to be converted.

b) The meeting of the Board of Directors of June 30, 1998 made use of the authorization from the Extraordinary General Meeting of the same date to issue convertible bonds without subscription right to a value of FF 340 million.

Chief characteristics of the second convertible bonds issue:

Number and face value:	314,815 bonds with a face value of FF 1,080
Issue price:	FF 1,080 per bond
Due date and settlement day:	July 16, 1998
Term of bond:	7 years
Annual yield:	3.80% per year, or FF 41.04 per bond, payable on July 16 of each year starting July 16, 1999
Gross redemption yield:	3.80% on July 16, 1998
Normal redemption:	redeemed in full by July 16, 2005 by redemption at a price of FF 1,080 per bond, or 100% of the issue price

31,621 bonds were converted in the 2000-2001 financial year, with 152,113 bonds remaining to be converted.

c) During its meeting on October 19, 1999, the Board of Directors used the authorization granted by the combined Ordinary and Extraordinary General Meeting held on 30 June 1998 to issue 372,058 shares with equity warrants to a value of FF 332 million.

Chief characteristics of the 1999 equity warrants:

Initial number of warrants:	372,058
Issue price:	€ 136 (FF 892.10)
Strike price:	€ 170 (FF 1115.13)
Strike period:	November 3, 1999 to November 2, 2002
Parity on issue:	2 warrants per share
After the stock split:	2 warrants for 5 shares

Warrants not exercised by the end of this period will lose all value and be cancelled. As of 03/31/01, 340,542 warrants remained to be exercised.



- d) During its meeting on March 12, 2001, the Board of Directors used the authorization granted by the Extraordinary General Meeting held on March 9, 2001 to issue 53,266 equity warrants with a face value of FF 106,532.

Chief characteristics of the March 12, 2001 equity warrants:

Initial number of warrants:	53,266
Issue price:	€ 0.01
Strike price:	€ 40.288
Strike period:	from December 28, 2001 to March 11, 2006

Warrants not exercised by the end of this period will lose all value and be cancelled.

As of March 31, 2001, no equity warrant had been exercised.

- e) During its meeting on March 19, 2001, the Board of Directors used the authorization granted by the Extraordinary General Meeting held on March 9, 2001 to issue 9,044 equity warrants with a face value of FF 18,088.

Chief characteristics of the March 19, 2001 equity warrants:

Initial number of warrants:	9,044
Issue price:	€ 0.01
Strike price:	€ 32.072
Strike period:	March 19, 2002 through March 18, 2006

Warrants not exercised by the end of this period will lose all value and be cancelled.

As of March 31, 2001, no equity warrant had been exercised.

3.2.4. Securities which do not represent the capital

Not applicable.

3.2.5. Identification of holders of securities

Article 5 of the Articles of Association authorizes the company to set up a procedure for identifying holders of its securities.

3.2.6. Potential capital

The Extraordinary General Meeting of June 15, 1996 and the combined Ordinary and Extraordinary General Meeting of September 2, 1997 authorized the Board of Directors to grant stock options to employees of the Ubi Soft Group, entitling them to subscribe for a total of no more than 1,000,000 shares with a face value of FF 2, giving a maximum total increase in capital of FF 2 million in face value.

The Extraordinary General Meeting of September 13, 2000 authorized the Board of Directors to grant Group employees stock options giving the right to subscribe for a maximum number of shares totaling 2.5% of the number of shares making up the share capital at the time the Board of Directors made use of this authorization.

Making use of the authorization given by the Extraordinary General Meeting of June 15, 1996, by the extraordinary portion of the combined Ordinary and Extraordinary General Meeting of September 2, 1997 and by the extraordinary portion of the combined Ordinary and Extraordinary General Meeting of September 13, 2000, the Board of Directors decided to:

- > grant employee stock options for 250,000 shares on June 15, 1996,
- > grant employee stock options for 250,000 shares on April 22, 1997,
- > grant employee stock options for 250,000 shares on October 23, 1998.
- > grant employee stock options for 40,471 shares on December 8, 2000,
- > grant employee stock options for 400,000 shares on April 9, 2001.

On March 31, 2001, 992,477 options entitling the grantees to the same number of Ubi Soft shares were still unexercised.

	1 ST PLAN	2 ND PLAN	3 RD PLAN	4 TH PLAN	5 TH PLAN
Date of the General Meeting	06/15/96	09/02/97	09/02/97	09/13/00	09/13/00
Date of Board of Directors' meeting	06/15/96	04/22/97	10/23/98	12/08/00	04/09/01

**SHARE SUBSCRIPTION OR PURCHASE OPTIONS
GRANTED DURING THE FINANCIAL YEAR**

Total number of options granted	250,000	250,000	250,000	40,471	400,000
including members of the executive committee	0	0	0	0	0
Start date for exercising options	06/15/97	04/22/01	10/23/02	12/08/01	04/09/02
Expiration date for options	06/15/01	04/22/02	10/23/03	12/08/05	04/09/06
Option prices	FF 36	FF 79.40	FF 133.80	38 euros	34.51 euros
Arrangements for exercising the options	25% per year		25% per year		25% per year

**SHARE SUBSCRIPTION OR PURCHASE OPTIONS
EXERCISED DURING THE FINANCIAL YEAR**

Total number of options exercised as of March 31, 2001	74,514	1,325	3,095	0	0
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**SHARE SUBSCRIPTION OR PURCHASE OPTIONS
CANCELLED DURING THE FINANCIAL YEAR**

Total number of options cancelled	0	0	0	0	0
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REMAINING SHARE SUBSCRIPTION OR PURCHASE OPTIONS

Total number of remaining options	58,851	246,250	246,905	40,471	400,000
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	NUMBER	EXPIRY	PRICE	PLAN N°
	DATE			

**SHARE SUBSCRIPTION OR PURCHASE OPTIONS
GRANTED DURING THE FINANCIAL YEAR**

Options granted to corporate officers	0	12/08/05	38 euros	4
Options granted to the ten non-officer employees with the highest number of options:				
- 2 employees (information for each)	2,000	12/08/05	38 euros	4
- 1 employee	1,855	12/08/05	38 euros	4
- 6 employees (information for each)	1,162	12/08/05	38 euros	4
- 3 employees (information for each)	989	12/08/05	38 euros	4

**SHARE SUBSCRIPTION OR PURCHASE OPTIONS
EXERCISED DURING THE FINANCIAL YEAR**

Shares subscribed or purchased per each corporate officer exercising options held	0			
Subscribed or purchased shares exercising the options held by each of the ten non-officer employees with the highest number of purchased or subscribed shares:				
- 1 employee	18,000	06/15/01	FF 36	1
- 2 employees (information for each)	5,560	06/15/01	FF 36	1
- 1 employee	5,000	06/15/01	FF 36	1
- 2 employees (information for each)	4,165	06/15/01	FF 36	1
- 1 employee	3,115	06/15/01	FF 36	1
- 1 employee	2,550	10/23/03	FF 133.80	3
- 1 employee	2,505	06/15/01	FF 36	1
- 1 employee	1,390	06/15/01	FF 36	1



3.2.7. Movements in share capital

DATE	NUMBER OF	NUMBER OF	AMOUNT OF	SHARE FACE	ISSUE	ACCUMULATED
NATURE OF TRANSACTION	SHARES	SHARES	INCREASE	VALUE	PREMIUM	AMOUNTS
	(CUMULATIVE)	(CUMULATIVE)	IN CAPITAL	(IN FF)	(IN FF)	IN CAPITAL
						(IN FF)
			BY CASH	BY CAPITALIZATION		
			CONTRIBUTION	(IN FF)		
			(IN FF)			
03/1986 Formation of the company	2,500	2,500		100	-	250,000
09/1990 Increase in share capital through incorporation of reserves	22,500	25,000	2,250,000	100	-	2,500,000
09/1991 Increase in share capital through incorporation of reserves	25,000	50,000	2,500,000	100	-	5,000,000
02/1993 Increase in share capital through incorporation of reserves	30,000	80,000	3,000,000	100	-	8,000,000
01/1994 Increase in share capital through incorporation of reserves	20,000	100,000	2,000,000	100	-	10,000,000
03/1996 Increase in share capital through incorporation of reserves	50,000	150,000	5,000,000	100	-	15,000,000
03/1996 Increase in share capital through cash contributions	50,000	200,000	5,000,000	100	-	20,000,000
03/1996 Split of the FF100 security to FF 10	-	2,000,000		10	-	20,000,000
06/1996 Increase in share capital through introduction	222,300	2,222,300	2,223,000	10	53,352,000	22,223,000
03/31/97 Increase in share capital following exercise of subscription options	818	2,223,118	8,180	10	139,060	22,231,180
03/31/98 Increase in share capital following exercise of subscription options	1,225	2,224,343	12,250	10	208,250	22,243,430
03/31/99 Increase in share capital following exercise of subscription options and conversion of bonds	21,510	2,245,853	215,100	10	11,005,610	22,458,530
11/03/99 Capital increase following issue of shares with warrants, conversion of stock options and conversion of bonds	399,328	2,645,181	3,993,280	10	343,205,937	26,451,810
01/17/00 5-for-1 stock split		13,225,905		2		26,451,810
Capital increase following conversion of stock options, bonds and warrants	191,270	13,417,175		2	18,879,641	26,834,350
03/14/00 Capital increase following issue of shares and conversion of stock options, bonds and warrants	2,725,363	16,142,538	13,626,815	2	1,190,520,727	32,285,076
03/31/00 Capital increase following conversion of stock options, bonds and warrants	435,830	16,578,368	2,179,150	2	92,594,390	33,156,736
04/11/01 Capital increase following conversion of stock options and bonds and the exercising of warrants	330,754	16,909,122	661,508	2	47,956,367	33,818,244

>>> 3.3. DISTRIBUTION OF CAPITAL AND VOTING RIGHTS AS OF AUGUST 9, 2001

	CAPITAL		VOTING RIGHTS	
	NUMBER OF SHARES	PERCENTAGE	NUMBER OF VOTING RIGHTS	PERCENTAGE
Ubi Participations SA *	2,693,302	15.76%	5,065,179	27.03%
Claude Guillemot	147,873	0.87%	147,873	0.79%
Yves Guillemot	147,853	0.87%	147,853	0.79%
Michel Guillemot	159,873	0.94%	159,873	0.85%
G�rard Guillemot	159,865	0.94%	159,865	0.85%
Christian Guillemot	148,108	0.87%	148,108	0.79%
Other Guillemot family members	48,000	0.28%	48,000	0.25%
Total Guillemot family	3,504,874	20.53%	5,876,751	31.35%
UBI Soft Entertainment SA	392,068	2.29%	—	—
UBI Ventures SA	338,480	1.98%	—	—
Gameloft.com SA	74,365	0.44%	74,365	0.40%
Ludigames SA	74,365	0.44%	74,365	0.40%
Public	12,706,513	74.32%	12,715,058	67.85%
Total	17,090,665	100.00%	18,740,539	100.00%

* Ownership structure of Ubi Participations:

NAME	NUMBER OF SHARES	%	NUMBER OF VOTING RIGHTS	%
Claude Guillemot	14,004,920	20%	14,004,920	20%
Yves Guillemot	14,004,920	20%	14,004,920	20%
Michel Guillemot	14,004,920	20%	14,004,920	20%
G�rard Guillemot	14,004,920	20%	14,004,920	20%
Christian Guillemot	14,004,920	20%	14,004,920	20%
Marcel Guillemot	200	not significant	200	not significant
Yvette Guillemot	200	not significant	200	not significant
Total	70,025,000	100 %	70,025,000	100%

The shares and voting rights held by the Group's employees represent a very small percentage.

The percentage of the capital held by the entities on the Board of Directors is 4.516%.

The percentage of voting rights held by the entities on the Board of Directors is 3.905%.

The change in ownership structure was due to a series of capital increases which resulted in the dilution of stock ownership and to the transferring of shares by the Guillemot brothers and Ubi Participations, in particular as part of acquisitions.

On June 15, 2001, Ubi Participations acquired a double voting right for the pure registered shares which it had held for two years.

There is no shareholder's pact between Ubi Participations, Claude, Michel, Yves, G rard, Christian, Marcel and Yvette Guillemot, nor is there any agreement between the above-mentioned shareholders and outside shareholders.

As of 03/31/01, to the best of the company's knowledge no shareholder (other than Claude, Michel, Yves, G rard and Christian Guillemot) owned more than 5% of the capital.

The following shareholders held more than 1% of the share capital:

Bank of New York	3.43 %
Investors Bank & Trust Co.	3.03 %
Chase Manhattan Bank Luxembourg	2.09 %
Caisse des d�p�ts et consignation	1.69 %
SG France Opportunit�s	1.68 %
Chase Manhattan Bank	1.36 %
Bank of New York	1.43 %
State Street Bank & Trust	1.35 %
AGF Invest SICAV	1.03 %

The voting right percentages are similar to the percentages of the capital owned.

As of 03/31/01 there were 40,858 shareholders.

On May 30, 2001 the financial markets regulatory body announced that Amvescap Plc had exceeded the threshold of 5% of the capital of Ubi Soft Entertainment voting rights. This London company now directly holds 871,322 shares and voting rights in Ubi Soft Entertainment.



>>> 3.4. CHANGES IN CAPITAL AND VOTING RIGHTS OVER THE PAST THREE FINANCIAL YEARS

03/31/98	CAPITAL		VOTING RIGHTS	
	NUMBER OF SHARES	PERCENTAGE	NUMBER OF VOTING RIGHTS	PERCENTAGE
Claude Guillemot	238,178	10.708%	467,920	13.861%
Michel Guillemot	240,577	10.817%	472,719	14.003%
Yves Guillemot	238,172	10.707%	467,914	13.861%
Gérard Guillemot	240,577	10.817%	472,719	14.003%
Christian Guillemot	238,224	10.711%	462,966	13.714%
Suzanne Guillemot	2,400	0.107%	2,400	0.071%
Nathalie Guillemot	2,400	0.107%	4,800	0.142%
Joëlle Guillemot	2,400	0.107%	3,000	0.089%
Yvette Guillemot	2,400	0.107%	2,400	0.071%
Total for Guillemot Family	1,205,328	54.188%	2,356,838	69.815%
Public and Group employees	1,019,015	45.812%	1,019,015	30.185%
Total	2,224,343	100.000%	3,375,853	100.000%

03/31/99	CAPITAL		VOTING RIGHTS	
	NUMBER OF SHARES	PERCENTAGE	NUMBER OF VOTING RIGHTS	PERCENTAGE
Claude Guillemot	235,399	10.481%	465,141	13.657%
Michel Guillemot	237,799	10.588%	469,941	13.798%
Yves Guillemot	235,395	10.481%	465,137	13.657%
Gérard Guillemot	237,799	10.588%	469,941	13.798%
Christian Guillemot	235,449	10.484%	460,191	13.510%
Suzanne Guillemot	2,400	0.107%	4,800	0.141%
Nathalie Guillemot	2,400	0.107%	4,800	0.141%
Joëlle Guillemot	2,400	0.107%	4,800	0.141%
Yvette Guillemot	2,400	0.107%	4,800	0.141%
Total for Guillemot Family	1,191,441	53.051%	2,349,551	68.984%
Public and Group employees	1,054,412	46.949%	1,056,687	31.016%
Total	2,245,853	100.000%	3,406,238	100.000%

03/31/00	CAPITAL		VOTING RIGHTS	
	NUMBER OF SHARES	PERCENTAGE	NUMBER OF VOTING RIGHTS	PERCENTAGE
Ubi Participations SA	4,206,263	25.371%	4,206,263	24.386%
Claude Guillemot	152,045	0.917%	293,979	1.704%
Michel Guillemot	152,024	0.917%	284,002	1.647%
Yves Guillemot	152,044	0.917%	284,022	1.647%
Gérard Guillemot	152,036	0.917%	284,014	1.647%
Christian Guillemot	152,280	0.919%	284,258	1.648%
Suzanne Guillemot	12,000	0.072%	12,000	0.069%
Nathalie Guillemot	12,000	0.072%	12,000	0.069%
Joëlle Guillemot	12,000	0.072%	12,000	0.069%
Yvette Guillemot	12,000	0.072%	12,000	0.069%
Total for Guillemot Family	5,014,692	30.246%	5,684,538	32.955%
Public and Group employees	11,563,676	69.754%	11,563,900	67.045%
Total	16,578,368	100.000%	17,248,438	100.000%

>>> 3.5. SECURITIES MARKET

General information on the market for the issuers' securities

- > Euroclear code: 5447
- > Listing market: Euronext-Paris - Premier Marché (Main Market)
- > Shares listed on 03/31/01: 16,909,122
- > Market capitalization on 03/31/01: 600 million euros at the closing market price (€ 35.49).
- > Introduction price: FF 250 (€ 38.11) before the 5-for-1 stock split.

MONTH	MAXIMUM PRICE		MINIMUM PRICE		AVERAGE PRICE (2)		TRADING VOLUME (1)	TRADED CAPITAL (€ MILLION)
	(€)	(1)	(€)	(1)	(€)	(1)		
July 1996	10.64		7.62		9.88		2,087,295	20.4
August 1996	10.67		9.45		10.16		899,115	8.7
September 1996	10.35		9.94		10.18		212,945	2.2
October 1996	10.03		8.69		9.46		533,585	5.0
November 1996	10.21		9.06		9.71		337,395	3.3
December 1996	10.98		9.97		10.44		2,129,295	21.0
January 1997	12.01		10.65		11.49		533,565	6.2
February 1997	12.32		11.60		11.95		346,810	4.2
March 1997	16.92		12.20		12.87		470,665	6.1
April 1997	13.42		12.41		12.77		398,265	5.1
May 1997	13.39		11.47		12.76		157,860	2.0
June 1997	14.18		11.35		12.88		398,685	5.3
July 1997	16.04		69.67		14.63		546,860	8.1
August 1997	16.71		15.24		15.94		206,055	3.3
September 1997	16.40		14.67		15.89		321,930	2.5
October 1997	16.77		12.96		15.83		282,385	4.5
November 1997	15.70		14.33		14.85		130,685	1.9
December 1997	16.92		15.82		16.41		151,750	2.5
January 1998	18.54		16.34		16.96		211,600	4.2
February 1998	19.00		17.47		18.23		248,065	4.7
March 1998	18.66		17.78		18.23		358,610	6.4
April 1998	24.15		18.20		21.18		336,920	7.0
May 1998	30.67		23.29		26.98		240,260	5.9
June 1998	30.18		26.83		28.51		322,755	9.2
July 1998	27.90		24.09		25.99		249,480	6.5
August 1998	27.99		23.51		25.75		108,760	2.9
September 1998	25.61		21.50		23.55		288,450	6.8
October 1998	25.92		18.29		22.11		279,775	6.1
November 1998	27.87		24.09		25.98		157,565	4.1
December 1998	28.81		21.43		25.12		238,090	6.2
January 1999	28.78		23.78		26.28		228,105	6.0
February 1999	24.21		20.06		22.14		467,100	10.3
March 1999	23.69		21.59		22.64		139,280	3.2
April 1999	26.55		21.16		23.42		313,808	7.3
May 1999	26.64		22.65		24.69		104,674	2.6
June 1999	25.37		22.81		23.63		196,739	4.7
July 1999	23.6		23.2		21.27		407,717	8.7
August 1999	21.61		18.01		20.07		202,384	4.1
September 1999	26.33		23.99		23.74		347,019	8.2
October 1999	29.63		25.56		26.72		1,081,256	28.9
November 1999	35.34		25.76		30.85		824,651	25.4
December 1999	42.71		32.64		37.74		962,496	36.3
January 2000	52.01		35.63		45.84		1,810,629	83.0
February 2000	97.33		47.68		75.53		3,543,959	267.7
March 2000	92.5		56.5		76.80		3,344,014	256.8
April 2000	61.7		48		53.89		1,921,830	103.6
May 2000	56		39		49.42		1,301,863	64.3
June 2000	46.93		38.7		43.87		890,603	39
July 2000	39.99		35		37.96		640,137	24.3
August 2000	61.5		36.95		44.78		1,668,449	74.7
September 2000	62		49.3		56.26		976,129	54.9
October 2000	56.7		43.99		49.36		815,113	40.2
November 2000	52		37.25		46.33		1,418,403	65.7
December 2000	43.2		34.9		38.31		1,216,516	46.6
January 2001	44.3		35.96		40.27		814,174	32.8
February 2001	48.9		35.85		41.44		820,738	34
March 2001	39.4		30		34.09		630,757	21.5

(1) These data factor in the 5-for-1 stock split on January 17, 2000

(2) Monthly average, weighted to reflect the trading volumes at the closing price

Source: FERRI Stock Market Company



3.6. DRAFT RESOLUTIONS SUBMITTED FOR APPROVAL TO THE COMBINED ORDINARY AND EXTRAORDINARY GENERAL MEETING ON SEPTEMBER 14, 2001

1) ORDINARY AGENDA

>>> FIRST RESOLUTION

>>> (Approval of the corporate and consolidated accounts)

After hearing the management report by the Board of Directors and the general report by the statutory auditors, the General Shareholders' Meeting approves the corporate and consolidated accounts for the year ending 03/31/01 as presented, together with the transactions recorded in these accounts or summarized in these reports.

>>> SECOND RESOLUTION

>>> (Approval of the agreements covered by Articles L 225-38 and L 225-42 of the Commercial Code)

After hearing the special statutory auditors' report on the agreements governed by Articles L 225-38 and L 225-42 of the Commercial Code, the General Meeting approves its conclusions.

>>> THIRD RESOLUTION

>>> Allocation of Corporate Profits

The General Shareholders Meeting hereby decides to carry forward the loss on March 31, 2001 in the amount of FF 55,160,337.94. In addition, the General Meeting takes note that no dividend has been distributed in the three preceding financial years.

>>> FOURTH RESOLUTION

>>> (Discharge of the Directors)

The General Meeting grants the directors discharge for their management during the financial year ending on March 31, 2001.

>>> FIFTH RESOLUTION

>>> (Re-election of a Director)

The General Meeting, having noted that Mr Yves Guillemot's term as Director expires today, hereby re-elects him for six years, i.e. until the Ordinary General Meeting which will vote on the accounts for the financial year ending March 31, 2007.

>>> SIXTH RESOLUTION

>>> (Re-election of a Director)

The General Meeting, having noted that Mr Michel Guillemot's term as Director expires today, hereby re-elects him for six years, i.e. until

the Ordinary General Meeting that will vote on the accounts for the financial year ending March 31, 2007.

>>> SEVENTH RESOLUTION

>>> (Re-election of a Director)

The General Meeting, having noted that Mr Claude Guillemot's term as Director expires today, hereby re-elects him for six years, i.e. until the Ordinary General Meeting that will vote on the accounts for the financial year ending March 31, 2007.

>>> EIGHTH RESOLUTION

>>> (Re-election of a Director)

The General Meeting, having noted that Mr Gérard Guillemot's term as Director expires today, hereby re-elects him for six years, i.e. until the Ordinary General Meeting that will vote on the accounts for the financial year ending March 31, 2007.

>>> NINTH RESOLUTION

>>> (Re-election of a Director)

The General Meeting, having noted that Mr Christian Guillemot's term as Director expires today, hereby re-elects him for six years, i.e. until the Ordinary General Meeting that will vote on the accounts for the financial year ending March 31, 2007.

>>> TENTH RESOLUTION

>>> (Re-election of a Director)

The General Meeting, having noted that Ms Yvette Guillemot's term as Director expires today, hereby re-elects her for six years, i.e. until the Ordinary General Meeting that will vote on the accounts for the financial year ending March 31, 2007.

>>> ELEVENTH RESOLUTION

>>> (Authorization for the company to purchase and sell its own shares)

Having acquainted itself with the report by the Board of Directors and the prospectus endorsed by the Commission des Opérations de Bourse (securities and exchange commission), and having satisfied the quorum and majority requirements for Ordinary General Meetings, the General Meeting authorizes the Board of Directors to trade in its own stock on the stock exchange, pursuant to Article L225-209 et seq. of the Commercial Code.

In order of priority, the objectives are as follows (depending on the available opportunities):

- > to stabilize the company's stock price by systematic counterbalancing action,
- > to deliver shares in payment or exchange for the purposes of external growth,
- > to hold shares and when necessary to transfer them, in particular by sale on the stock market, either over-the-counter or in blocks,
- > to grant stock options to the employees and/or officers of the company, or to propose the acquisition of shares on the terms laid down in Article 443-1 et seq. of the Labor Code and the second paragraph of Article L 225-196 of the Commercial Code.

The General Meeting authorizes the company to buy back its own shares within the limit of 10% of the share capital, i.e. currently 1,709,066 shares.

The maximum purchase price per share is fixed at € 60 and the minimum selling price per share at € 25.

Such shares shall be bought back or resold by trading on the market or over-the-counter. This authorization is valid only for 18 months from the date of this Meeting. Said shares may be bought, sold or transferred in one or more tranches by any means and at any time, including during public offerings.

For the purpose of implementing this resolution, the Board of Directors is given full powers to:

- > prepare all prospectuses, file all declarations and complete all formalities vis-à-vis the Commission des Opérations de Bourse (securities and exchange commission) and the Conseil des Marchés Financiers (financial markets regulation committee);
- > place all stock orders or sign all agreements to this end;
- > comply with all other formalities and in general to take whatever action may be necessary.

This authorization cancels and replaces the authorization granted to the Board of Directors by the General Meeting of September 13, 2000.

>>> TWELFTH RESOLUTION

>>> (Renewal of the term of an incumbent statutory auditor)

The General Meeting renews for a period of six financial years, to expire at the General Meeting which will vote on the accounts for the financial year ending March 31, 2007, the term of the incumbent statutory auditor held by the Compagnie Consulaire d'Expertise Comptable Jean Delquie, represented by Mr Benoît Fléchon.

>>> THIRTEENTH RESOLUTION

>>> (Renewal of the term of an alternate statutory auditor)

The General Meeting renews the term of the alternate statutory auditor, Mr Jean Delquie, for a term of six financial years, to expire at the General Meeting which will vote on the accounts for the financial year ending March 31, 2007.

>>> FOURTEENTH RESOLUTION

>>> (Powers for formalities)

The General Meeting invests the bearer of a copy or excerpt of the minutes of the present General Meeting with full powers to make all the deposits and carry out all the formalities required by law wherever necessary.

2) EXTRAORDINARY AGENDA

>>> FIFTEENTH RESOLUTION

>>> (Simplified merger between Ubi Soft Entertainment SA and Ubi Ventures SA)

Having satisfied the quorum and majority requirements for Extraordinary General Meetings, and after hearing the report by the special auditor, commissaire aux apports Mr Travers, appointed by order of the President of the Rennes Commercial Court on August 7, 2001 for UBI VENTURES and UBI SOFT ENTERTAINMENT, and after having examined the draft agreement under which UBI VENTURES SA will contribute its entire holdings (assets and liabilities) to UBI SOFT ENTERTAINMENT under the merger, the Extraordinary General Meeting:

- 1 - Accepts and approves all the provisions of the above-mentioned merger transaction;
- 2 - Hereby decides that the merger will take effect retroactively as of April 1, 2001;
- 3 - Hereby decides that, since UBI SOFT ENTERTAINMENT has held all the shares of its subsidiary, UBI VENTURES, since a date preceding that when the merger was applied for at the Clerk's Office of the Rennes Commercial Court, the merger contribution shall not be compensated by an increase in capital, and that the company acquired shall, once the merger is finally completed once and for all, be immediately wound up without liquidation;
- 4 - Hereby decides that the difference between the value of the net assets contributed by UBI VENTURES, i.e. FF 663,831,113, and the net book value of the holdings of UBI SOFT ENTERTAINMENT in UBI VENTURES, i.e. 100,000,000 1-euro shares, the equivalent of FF 655,957,000, constitutes a merger bonus which will be booked as extraordinary revenue in the income statement.



>>> SIXTEENTH RESOLUTION**>>> (Conversion of the capital into euros - Increase in capital - Amendment of the Articles of Association)**

Having satisfied the quorum and majority requirements for Extraordinary General Meetings and read the report by the Board of Directors, the Extraordinary General Meeting hereby decides to express the share capital in euros, which amounts to FF 34,181,330, divided into 17,090,665 shares with a face value of FF 2, with the conversion carried out by applying the official conversion rate of one (1) euro to FF 6.55957.

The General Shareholders Meeting, having heard the report by the statutory auditors, hereby decides to round the share face value up to the next euro cent, i.e. 0.31 euro, which results in a conversion differential of 87,195.98 euros.

The General Meeting thus decides to increase the share capital by 87,195.98 euros by drawing this sum from the "other reserves" item.

As a consequence, the General Meeting hereby decides to amend Article 4 of the Articles of Association as follows:

"The share capital is set at € 5,298,106.15 (five million two hundred ninety eight thousand one hundred six euros fifteen cents). It is divided into 17,090,665 (seventeen million ninety thousand six hundred sixty five) shares each with a face value of 0.31 euro (thirty one cents), and each fully paid up."

The General Meeting hereby decides that the Board of Directors will have full powers, including the option of delegation to its Chairman, to implement this delegation and in particular to set the effective date for conversion of the share capital, which must take place no later than January 1, 2002.

>>> SEVENTEENTH RESOLUTION**>>> (Delegation granted to the Board of Directors to carry out increases in capital while maintaining the subscription right up to a maximum nominal value of € 8,000,000)**

Having satisfied the quorum and majority requirements for Extraordinary General Meetings and acquainted itself with the report by the Board of Directors and the special report by the statutory auditors, which were prepared in accordance with Article 225-219 III of the Commercial Code, the Extraordinary General Meeting:

- 1 - Invests the Board of Directors with all powers necessary to issue, in one or more tranches, and in such proportions and at such times as it shall decide, with preservation of the subscription right of shareholders in France and abroad:
 - (a) shares, with or without warrants;
 - (b) securities giving a right, by subscription, conversion, exchange, redemption, presentation of a warrant, a combination of these means or in any other manner, to the allocation, at any time or on a fixed date, of securities representing a share in the company's

capital and issued or to be issued for this purpose. These securities may take any form compatible with the laws in force and in particular one of the forms covered by Articles L 225-150 to L 225-176 of the Commercial Code and Article L 228-91 of the same Code;

- (c) warrants granting their holders the right to subscribe securities representing a share in the company's capital, and authorizes the Board of Directors to increase the share capital to allow said warrants to be exercised. Said warrants may be issued by means of subscription offers on the above terms or by awarding them free of charge to shareholders of record in accordance with Article L 228-95 of the Commercial Code.
- 2 - Hereby decides that the maximum nominal amount of capital increases which may be carried out immediately and/or subsequently by virtue of the above delegation shall not exceed € 8,000,000, not including any adjustments made in accordance with the law. The securities referred to in paragraphs (a), (b) and (c) above which are issued under the terms of this resolution may be issued in French francs, foreign currency, euros or other currency units based on several currencies.
- 3 - Hereby decides that the amount of the immediate or deferred authorized capital increases carried out by virtue of the powers delegated by the General Meeting to the Board of Directors pursuant to this resolution shall be charged to the total nominal amount of € 8,000,000 provided for in this resolution.
- 4 - Hereby decides that the shareholders may exercise their pre-emptive right as shareholders of record in accordance with the law. Moreover, the Board of Directors may grant the shareholders a subsidiary right to subscribe a larger number of securities than the number to which they are entitled as shareholders of record, in proportion to their subscription rights and in any event within the limit of their request.

If subscriptions by virtue of the pre-emptive right of shareholders of record and, where applicable, a subsidiary right do not absorb the entire issue of shares or securities stipulated above, the Board may use one or more of the following options in the sequence it considers most appropriate:

- > it may limit the issue to the subscribed amount, provided that said amount reaches at least three-fourths of the approved issue;
- > it may distribute all or part of the unsubscribed shares and/or other securities as it sees fit;
- > it may offer all or part of the unsubscribed shares and/or other securities on the market.
- 5 - Notes that, where appropriate, the above-mentioned delegation entails, on behalf of bearers of securities giving a right to Company shares that may be issued, the explicit waiving by the shareholders of the pre-emptive subscription rights conferred by these securities.

6 - Hereby decides that the maximum principal of debt securities shall not exceed € 300,000,000, or its equivalent value if they are issued in a foreign currency or a currency unit based on several currencies, on the date when the issue is approved, on the understanding that said amount shall apply to all debt securities whose issue is delegated to the Board of Directors by this General Meeting.

7 - Hereby decides that this power shall be delegated to the Board of Directors for a period of twenty-six months in accordance with Article L 225-219 of the Commercial Code.

The Board of Directors shall have full powers, including the right of delegation to its Chairman in accordance with the law, to implement the present delegation, in particular the power to set the dates and determine the conditions of such issues and the form and characteristics of the securities to be created, to set the prices and terms of the issues, to fix the amounts to be issued, to set the subscription dates and dated dates of the securities to be issued, including retroactively, to determine the method of payment for the shares or other securities issued, where applicable to lay down their buyback terms on the stock market, and in general to take any action which may be necessary and sign any agreements needed to float the contemplated issues successfully, to note completion of the capital increase(s) resulting from issues floated by virtue of this delegation, and to amend the Articles of Association accordingly. Furthermore, the Board of Directors or its Chairman may where appropriate charge all expenses to the issue premium(s), particularly the costs, duties and fees generated by such issues.

In the case of issues of debt securities, the Board of Directors shall have full powers, including the right of delegation to its Chairman, to decide whether said securities shall be subordinated or not, to set their interest rates, maturity, fixed or variable redemption price, with or without premium, amortization terms based on market conditions, and the terms on which such securities will give their holders a right to the Company's shares.

8 - Hereby decides that this delegation supersedes any earlier delegation with respect to the immediate and/or subsequent issue of company shares, with or without preservation of the pre-emptive subscription right.

>>> EIGHTEENTH RESOLUTION

>>> (Delegation granted to the Board of Directors to carry out capital increases with cancellation of the pre-emptive subscription right up to a maximum nominal amount of € 8,000,000)

Having satisfied the quorum and majority requirements for Extraordinary General Meetings and acquainted itself with the report by the Board of Directors and the special report by the statutory auditors, which was prepared in accordance with Article L 225-

219 III of the Commercial Code, the Extraordinary General Meeting:

1 - Invests the Board of Directors with all powers necessary to issue, in one or more tranches, and in such proportions and at such times as it shall decide, without pre-emptive subscription right for shareholders in France and abroad:

(a) shares, with or without warrants;

(b) securities giving a right, by subscription, conversion, exchange, redemption, presentation of a warrant, a combination of these means or in any other way, to the allocation, at any time or on a fixed date, of securities representing a share in the company's capital and issued or to be issued for this purpose. These securities may take any form compatible with current law and in particular one of the forms covered by Articles L 225-150 to L 225-176 of the Commercial Code and Article L 228-91 of the same Code;

(c) warrants granting their holders the right to subscribe securities representing a share in the Company's capital, and authorizes the Board of Directors to increase the share capital to permit said warrants to be exercised. Said warrants may be issued by subscription offers on the above terms or in the form of bonus warrants issued free of charge to shareholders of record, pursuant to Article L 228-95 of the Commercial Code.

2 - Hereby decides that the maximum nominal amount of capital increases which may be carried out immediately and/or subsequently by virtue of the above delegation shall not exceed € 8,000,000, not including any adjustments made in accordance with the law. The securities referred to in paragraphs (a), (b) and (c) above which are issued under the terms of this resolution may be issued in French francs, foreign currency, euros or other currency units based on several currencies.

3 - Hereby decides that the amount of the immediate or deferred authorized capital increases carried out by virtue of the powers delegated by the General Meeting to the Board of Directors pursuant to this resolution shall be charged to the total nominal amount of € 8,000,000 provided for in this resolution.

4 - Hereby decides to cancel the pre-emptive right of shareholders to the securities to be issued, on the understanding that the Board of Directors may grant the shareholders a right of first refusal to any part of the issue, for a period and on terms set by the Board. Said right of first refusal shall not create negotiable rights but may, if the Board so decides, be exercised by the shareholders in their capacity as shareholders of record or as a subsidiary right.

5 - Hereby decides that, if subscriptions by the shareholders and other investors do not absorb the entire share or securities issue stipulated above, the Board may use one or more of the following options in the sequence it considers most appropriate:



- > it may limit the issue to the subscribed amount, provided that said amount reaches at least three-fourths of the approved issue;
 - > it may distribute all or part of the unsubscribed shares and/or other securities as it sees fit;
 - > it may offer all or part of the unsubscribed shares and/or other securities on the market.
- 6 - Notes that, where appropriate, the above-mentioned delegation entails, on behalf of bearers of securities giving a right to Company shares that may be issued, explicit waiving by the shareholders of the pre-emptive subscription right conferred by these securities.
- 7 - Hereby decides that the maximum principal of debt securities shall not exceed € 300,000,000, or its equivalent value if they are issued in a foreign currency or a currency unit based on several currencies, on the date when the issue is approved, on the understanding that said amount shall apply to all debt securities whose issue is delegated to the Board of Directors by this General Meeting.
- 8 - Hereby decides that this power shall be delegated to the Board of Directors for a period of twenty-six months in accordance with Article L 225-219 of the Commercial Code.

The Board of Directors shall have full powers, including the right of delegation to its Chairman in accordance with the law, to implement the present delegation, in particular the power to set the dates and determine the conditions of such issues and the form and characteristics of the securities to be created, to set the prices and terms of the issues, to fix the amounts to be issued, to set the subscription dates and dated dates of the securities to be issued, including retroactively, to determine the method of payment for the shares or other securities issued, where applicable to lay down their buyback terms on the stock market, and in general to take any action which may be necessary and sign any agreements needed to float the contemplated issues successfully, to note completion of the capital increase(s) resulting from issues floated by virtue of this delegation, and to amend the Articles of Association accordingly. Furthermore, the Board of Directors or its Chairman may where appropriate charge all expenses to the issue premium(s), particularly the costs, duties and fees generated by such issues.

In the case of issues of debt securities, the Board of Directors shall have full powers, including the right of delegation to its Chairman, to decide whether said securities shall be subordinated or not, to set their interest rates, maturity, fixed or variable redemption price, with or without premium, amortization terms based on market conditions, and the terms on which such securities will give their holders a right to the Company's shares.

- 9 - Hereby decides that this delegation supersedes any earlier delegation with respect to the immediate and/or subsequent issue of company shares with cancellation of the pre-emptive subscription right and the option of granting a preference period.

>>> NINETEENTH RESOLUTION

>>> (Upholding of authorizations in the event of a takeover bid or a public offer of exchange of Company shares)

Having satisfied the quorum and majority requirements for Extraordinary General Meetings and after acquainting itself with the report by the Board of Directors, in accordance with Article 225-129 IV the Extraordinary General Meeting expressly decides that the powers to carry out increases in capital which are delegated to the Board of Directors in the fifteenth and sixteenth resolutions above, shall be maintained during take-over bids and public offers of exchanges of Company shares.

The powers delegated to the Board of Directors shall be maintained during take-over bids and share exchange offers until the next General Meeting convened to vote on the financial statements for the year ending March 31, 2002.

>>> TWENTIETH RESOLUTION

>>> (Authorization granted to the Board of Directors to issue shares as part of the Ubi Soft Group Savings Plan)

After acquainting itself with the report by the Board of Directors and the special report by the statutory auditors, the General Meeting authorizes the Board of Directors under the terms of Article L 225-138 of the Commercial Code to increase the capital in one or more tranches by issuing cash shares whose subscription shall be reserved for employees of the company and its subsidiaries who, pursuant to Article L 225-180 of the Commercial Code, have enrolled in a Group savings plan.

The total number of shares which may be subscribed by virtue of this resolution on the date on which the Board decision is adopted shall not exceed 2.5% of the number of shares making up the share capital. This resolution entails the waiving of the pre-emptive right of shareholders to subscribe the shares to be issued pursuant to the above authorization.

This authorization shall be valid for 2 years from the present General Meeting.

The General Meeting delegates full powers to the Board of Directors, including the right of delegation to the Chairman of the Board, in accordance with the applicable laws and regulations, to:

- > decide on the occasion of each capital increase whether the shares should be subscribed directly by employees enrolled in the savings plan or subscribed via a mutual fund;
- > lay down all terms and conditions of the contemplated transaction(s), including the subscription price of the new shares, in accordance with Article 443-5 of the Labor Code;
- > carry out any actions and formalities which may be necessary to record the increase(s) in capital made by virtue of this authorization, amend the Articles of Association accordingly and in general to do whatever else may be advisable or necessary.

>>> TWENTY-FIRST RESOLUTION

>>> (Authorization to the Board of Directors to grant options to subscribe and/or purchase shares)

Having satisfied the quorum and majority requirements for Extraordinary General Meetings and acquainted itself with the report by the Board of Directors and the special report by the statutory auditors, the Extraordinary General Shareholders Meeting authorizes the Board of Directors, in accordance with Article L 225-177 et seq. of the Commercial Code to grant, in one or more tranches, to employees of the Company and its subsidiaries, options giving the right to subscribe to company shares (subscription options) and purchase company shares (purchase options):

- > to use this authorization within thirty-eight months from the date of this General Meeting;
- > to note that this authorization entails the explicit waiving by the shareholders of their pre-emptive right to subscribe to the shares which are issued as the beneficiaries of stock subscription options exercise those options.

The Board of Directors may not grant options to officers and employees of the company and its subsidiaries who hold more than 10% of the share capital, pursuant to Article L 225-182 of the Commercial Code.

The number of shares resulting from the subscription and purchase options shall not exceed 2.5% of the number of shares making up the share capital at the moment when this power is used by the Board of Directors, before including any shares issued in the event that stock subscription options are granted and exercised, subject to any adjustments likely to be needed.

The Board of Directors shall set the price at which beneficiaries of options may subscribe or buy shares on the day on which the beneficiaries are granted their options. However:

- > the price of subscription options shall not be less than 80% of the average opening price during the twenty trading sessions preceding the day of the Board meeting at which such options are granted;
- > the price of purchase options shall not be less than 80% of the average purchase price of shares held by the Company under Article L 225-209 of the Commercial Code.

The General Meeting gives the Board of Directors full powers to fix the maximum period during which such options may be exercised, which shall not exceed ten (10) years from the allocation date, and the period for which the beneficiaries must retain their shares from the date on which they exercise their options.

In accordance with Article L 225-184, each year the Board of Directors shall inform the shareholders of transactions carried out under this resolution in a special report to the Ordinary General Meeting.

In the event that stock subscription options are granted to persons domiciled or residing in a foreign country, or to persons domiciled or residing in France but subject to a foreign tax system, the Board of Directors may adapt the terms governing the stock subscription options in order to meet the requirements of the foreign laws in question and optimize tax treatment. To this end the Board may, at its sole discretion, adopt one or more sub-plans for each category of employees which are subject to foreign law. Certain stock subscription options may be intended as incentive stock options within the meaning of the United States Internal Revenue Code and may be subject to additional conditions, in the spirit of the plan, in order to meet the requirements of this particular system.

The increase in share capital resulting from the exercising of subscription options shall be irrevocably completed by the declaration that the option is to be taken up, accompanied by the subscription form and cash payment of the corresponding amount.

The Board of Directors is invested with the powers necessary to complete all official formalities and make the corresponding amendments to the amount of share capital stipulated in the Articles of Association.

>>> TWENTY-SECOND RESOLUTION

>>> (Authorization to issue share subscription warrants to Mark Salyer Consulting Inc)

Having satisfied the quorum and majority requirements for Extraordinary General Meetings in accordance with Article L 228-95 of the Commercial Code, and having heard the report by the Board of Directors and the special report by the statutory auditors, the General Meeting:

- > authorizes the Board of Directors to issue warrants conferring on their holders the right to subscribe to company shares (Share Subscription Warrants);
- > hereby decides to cancel the pre-emptive right of shareholders to subscribe to the warrants to be issued to Mark Salyer Consulting Inc, represented by Mr Mark Salyer.

The decision of the General Meeting entails, on behalf of the holder of the Share Subscription Warrants (SSWs), the explicit waiving by the shareholders of their pre-emptive right to subscribe to the shares which are to be issued as a counterpart to the exercising of the said SSWs;

- > hereby authorizes the Board of Directors to increase the share capital to a maximum nominal amount of FF30,000 (i.e. € 4573.470) in order to permit Mark Salyer Consulting Inc, represented by Mr Mark Salyer, to exercise its subscription right;
- > hereby grants the Board of Directors power to determine the number of subscription warrants, in accordance with the measures adopted by the General Meeting, to take note of any permanent increase in capital resulting from the issuing of new stock following the



exercising of the warrants, to make any amendments to the Articles of Association which this makes necessary regarding the amount of the company's share capital and the number of shares which represent it, to carry out any legal formalities and, where appropriate, to charge all expenses generated by such increases in capital to the corresponding issue premiums.

Authorization to issue these warrants is granted for a period of one year from the present Meeting.

Number of SSWs to be issued: the number of SSWs to be issued shall be calculated as follows:

$$N = \frac{300,000 \text{ USD}}{P_0}$$

N. = Number of SSWs

P_0 = The average share price over ten consecutive trading days chosen from among the 20 trading days preceding the date on which the SSWs are granted by the Board of Directors.

300,000 USD = the conversion into euros shall be calculated using the conversion rate published in the Financial Times on the day preceding the granting of the SSWs.

Warrant issue price: € 0.01

Subscription price: each SSW gives its bearer the right to subscribe one (1) company share.

Negotiability: The SSWs are not transferable and will not be the subject of any request for admission to any regulated market. The SSWs shall be held exclusively in a pure registered form.

Exercise procedure: The SSWs may be exercised during a period of five years from the date they are granted. SSWs not exercised within five years shall be void.

SSW strike price: P_0 , i.e. the average share price over ten consecutive trading days chosen from among the twenty closing prices preceding the date on which the SSWs are granted by the Board of Directors.

The new shares arising from the exercising of the subscription warrants shall be the subject of a request for official stock market listing on the Paris Euronext Premier Marché.

The new shares shall bear interest from the first day of the financial year in which the SSWs are exercised, and shall be treated in exactly the same way as older shares. They shall enjoy the same rights, and shall be subject to all statutory provisions and provisions of the General Meetings.

Maintenance of the rights of SSW holders: In accordance with Article 225-154 of the Commercial Code and Articles 171 to 174 of Decree 67-236 dated March 23, 1967, so long as there are valid SSWs in existence (a) the issuing of securities which include a pre-emptive right on a regulated market, (b) the increasing of capital by incorporating reserves, profits or issue premiums and by allocating bonus shares, or the division or consolidation of shares, (c) the

incorporation into capital of reserves, profits or issue premiums by increasing the share face value, (d) the distribution of reserves in cash or portfolio securities, (e) absorption, merger, demerger, (f) the allocation of compound or simple shares to shareholders free of charge, and (g) the buying back by the company of its shares, may only be carried out on condition that the rights of SSW bearers are reserved.

For these transactions the number of shares to be issued as the SSWs are exercised shall be adjusted in such a way that the value of the shares obtained if the SSWs are exercised after the transaction is completed shall be identical to the value of those which would have been obtained if an SSW had been exercised prior to this transaction. The following adjustment mechanisms shall be used:

- (a) In the case of a transaction which includes a pre-emptive subscription right, the new number of shares which can be obtained by exercising an SSW shall be determined by multiplying the number of shares which could have been obtained by exercising an SSW before the start of the transaction in question by the ratio:

$$\frac{\text{Share value excluding subscription right increased by the value of the subscription right}}{\text{Share value excluding subscription right}}$$

Share value excluding subscription right

In calculating this ratio, the value of the share excluding subscription right and that of the subscription right itself shall be determined based on the average of the opening market prices for all the trading days included in the subscription period.

- (b) In the case of an increase in capital by incorporating reserves, profits or issue premiums and allocating bonus shares, or in the case of the division or consolidation of shares, the new number of shares which can be obtained by exercising an SSW shall be determined by multiplying the number of shares which could have been obtained by exercising an SSW before the start of the transaction in question by the ratio:

$$\frac{\text{Number of shares composing the share capital after the transaction}}{\text{Number of shares making up the capital before the transaction}}$$

- (c) In the case of the incorporation into capital of reserves, profits or issue premiums by increasing the share face value, the face value of the shares which can be obtained by exercising the warrants shall be raised by the same proportion.
- (d) Distribution of reserves in cash or in portfolio securities
The new number of shares which can be obtained by exercising an SSW shall be determined by multiplying the number of shares which could have been obtained by exercising an SSW before the start of the transaction in question by the ratio:

$$\frac{\text{Value of the share prior to the distribution}}{\text{Value of the share prior to the distribution reduced by:}} \\ \text{either the amount distributed per share,} \\ \text{or the value of the distributed securities per share.}$$

➤ To calculate this ratio:

the share value prior to the distribution shall be determined using the average of at least twenty consecutive stock market prices chosen from among the forty preceding that of the day of distribution;

the value of distributed securities per share shall be calculated using either the average of at least twenty consecutive stock market prices chosen from among the forty preceding that of the day of distribution in the case of securities listed on a regulated market or, in the case of unlisted securities, on the basis of the prices in the daily activity report for unlisted securities, or using a value determined by an expert.

(e) Acquisition, merger or demerger

In this case, holders of subscription warrants who exercise their warrants shall receive shares from the acquiring company or the new company. The number of shares of the acquiring company that can be subscribed by exercising the warrants shall be equal to the number of shares of the issuing company which the bearer of the warrants would have subscribed, adjusted by the exchange ratio of the issuing company shares against the shares of the acquiring company or the new company.

The acquiring company or the new company shall take on the obligations of the issuing company.

This adjustment shall be carried out in such a way as to equalize the value of the securities which would have been obtained by exercising the warrants prior to one of the above-mentioned transactions and the value of the securities which will be obtained if the warrants are exercised after the aforesaid transaction is completed.

Where appropriate, the new number of shares obtained by exercising a warrant shall include a fraction expressed in hundredths. However, exercising warrants at the price originally set can only give rise to the subscription of a whole number of shares. The rules for fractional shares are set out below.

The Board of Directors shall report on the elements involved in calculating the new bases for conversion for both the subscription rights attached to the warrants as defined above and the results of any adjustment in the first annual report following the transaction and by means of press releases in the financial press.

(f) Allocation of bonus simple or compound securities:

In the event that any bonus simple or compound securities are allocated, the new number of shares obtained by exercising the warrants shall be determined as follows:

- (i) if the allotment right is not listed on the Paris Bourse, the new number of shares obtained by exercising a warrant shall be determined by multiplying the number of shares that would have been obtained by subscribing to a share prior to the bonus allocation by the following adjustment coefficient:

$$\frac{\text{share value excluding subscription right increased by value of allocated securities per share}}{\text{share value excl. sub. right}}$$

In calculating this ratio, the value of the share excluding subscription right and that of the security or securities allotted per share shall be determined by reference to the average of the opening prices on the Paris Bourse during a period of twenty consecutive trading days following the allotment date. The share excluding subscription rights and the allotted securities must be listed simultaneously if their prices are dependent.

- (ii) if the allotment right is listed on the Paris Bourse, the adjustment coefficient shall be calculated in accordance with paragraph (a) above for issues which include a pre-emptive subscription right, the value of the allotment right being substituted for that of the pre-emptive subscription right and the subscription period being replaced by the first twenty days on which the allotment rights are listed on the Paris Bourse.

- (g) In the event that shares are bought back at above their market price, the new number of shares which can be obtained by exercising the subscription rights attached to the warrants shall be determined, to the nearest hundredth, by using the following ratio:

$$\frac{\text{Percentage of capital bought back by X} \\ \text{(buyback price minus share price)}}{\text{Share price}}$$

In calculating this ratio, the price values shall be determined using the average of at least ten consecutive stock market prices selected from among the twenty days preceding the buyback or the share buyback option.

Where, as a consequence of one of the above-mentioned transactions, the holder of warrants giving rights to securities has the right to a number of shares including a fraction, thus constituting fractional shares, he or she shall have the right to request:

- either the number of complete shares immediately below, in which case the holder shall be paid a sum in cash equal to the value of the additional fraction, evaluated on the basis on the opening stock market price on the Bourse trading day preceding the date the conversion request is filed;
- or the number of complete shares immediately above, in which case the holder shall pay the company a sum equal to the value of the additional fractional share thus requested, evaluated on the same basis as in the preceding paragraph.



Under current legislation, as long as there are any outstanding share subscription warrants the company must not amortize its share capital or reduce it by means of reimbursement, or modify the distribution of its profits. However, the company may create non-voting preferred shares, provided that the rights of holders of share subscription warrants are reserved.

In the event of transactions involving a pre-emptive subscription right reserved for shareholders of record, holders of warrants from this issue shall be informed thereof before the transaction begins by a notice in the Bulletin des Annonces Légales Obligatoires and by registered post.

Furthermore, in the event of an operation leading to an adjustment of the basis for exercising these warrants, the bearers of warrants shall be informed of the new basis by a notice in the Bulletin des Annonces Légales Obligatoires and by registered post.

>>> TWENTY-THIRD RESOLUTION

>>> (Adaptation of the Articles of Association to comply with the law on new business regulations)

The General Meeting hereby decides to adapt the Articles of Association to Law 2001-420 dated May 15, 2001 on new business regulations and amends Articles 9, 10, 11, 12, 13 and 14 as follows:

Part III - Administration

ARTICLE 9:

The company is managed by a Board with at least three members and at most eighteen members, subject to the exception provided by law in the event of mergers.

During the lifetime of the company, directors are appointed or re-elected by the Ordinary Shareholders Meeting. However, in the event of a merger or demerger, an appointment can be made by the Extraordinary General Meeting which decides on the transaction.

The term of directors shall be six years.

Under current laws and regulations, when a director is appointed to replace another, the new appointee simply completes the remaining term of the person replaced.

The functions of a director come to an end on completion of the Ordinary General Meeting held in the year during which his or her term expires in order to vote on the accounts for the previous financial year.

Directors are always re-eligible.

Directors must not be over the age of 80.

Each director must own at least one share.

ARTICLE 10:

I - The Board of Directors elects a Chairman from among its members, who are natural persons, and fixes his or her term of office, which may not exceed his or her term as a director and is subject

to the statutory age limit. The Chairman represent the Board, organise and leads the debates.

The Board may also appoint a secretary, not necessarily from among its own members, for a term to be set by the Board.

The Chairman and secretary can always be re-elected.

II - The Board shall meet as often as the company's interests require. It shall meet when convened by its Chairman or at least one-third of the directors, even if its most recent meeting was less than two months earlier.

Meetings of Board of Directors are held at the registered office or at any other place indicated in the calling notice.

The meeting may be convened by any means, including orally. Board meetings are always valid, even if not convened, whenever all the members are present or represented.

III - Meetings of the Board of Directors may be chaired by the Chairman, a director proposed for this purpose by the Chairman or, failing this, by the eldest director.

Any director unable to attend a Board meeting may give written permission to one of his or her colleagues to represent him or her for this purpose, but no director may represent more than one of his or her colleagues, and power to represent a colleague can only be given for a specific Board meeting.

A quorum of at least half the Board members is required for a valid meeting.

Decisions are taken by a majority vote of present or represented members. In the event of a tie, the Chairman of the meeting shall have the casting vote, except when the decision relates to a proposal for the appointment of the Chairman of the Board of Directors.

IV - Copies or extracts of the minutes of these meetings may legitimately be certified by the Chairman of the Board of Directors, the Chief Executive Officer, a senior vice president or a proxy specially authorized for this purpose.

ARTICLE 11:

I - The Ordinary General Meeting may grant directors fees to the directors in accordance with existing law.

The Board of Directors may distribute this payment among its members as it deems fit.

II - The remuneration of the Chairman, the CEO and any senior vice presidents is set by the Board of Directors as it deems fit.

III - The Board may allocate exceptional remuneration for assignments or responsibilities entrusted to directors under the terms which apply to agreements requiring authorization, in accor-

dance with provisions L 225-38 to L 225-43 of the Commercial Code. It may also authorize the reimbursement of travel expenses and other expenses incurred by directors in the company's interests.

Part IV - Powers of the Board of Directors and General Management

ARTICLE 12:

The Board of Directors establishes the activity orientations of the Company and supervise to their application.

The Board exercises its powers in accordance with the objects of the company and subject to the powers explicitly granted by law to shareholder meetings.

The Board may grant any authorized agent it deems fit any delegation of power, temporary or permanent, within the limits defined by the law and the present Articles of Association.

ARTICLE 13:

The Board is responsible for managing the Company, either through the Chairman of the Board of Directors or through another natural person appointed by the Board of Directors with the title of Chief Executive Officer in accordance with Article L 225-51-1 of the Commercial Code.

The Board of Directors shall choose between these two methods for the general management of the company.

Decisions are taken in accordance with these Articles of Association at the time of the appointment or renewed appointment of the Chairman or the Chief Executive Officer, and remain valid until the expiration of the first of these.

I - In accordance with Article L 225-51-1 of the Commercial Code, if the Board decides not to separate the functions of Chairman of the Board of Directors and Chief Executive Officer, the Chairman shall assume responsibility for the general management of the company, in which case the provisions below regarding the Chief Executive Officer are applicable to him or her.

II - If the Board of Directors decides to separate the functions of Chairman and Chief Executive Officer, then, subject to the powers which the law explicitly sets aside for shareholder meetings well as the powers which it specifically reserves for the Board of Directors, and within the limits of the objects of the company, the Chief Executive Officer is vested with broad powers to act on behalf of the company under all circumstances.

If the Chief Executive Officer is also a director, his or her term may not exceed his or her term as director.

III - In accordance with Article L 225-53 of the Commercial Code, the Board of Directors may appoint one or more natural persons to assist the Chief Executive Officer, with the title of Senior Vice President.

There must be no more than five senior vice presidents.

If they are also directors, their term cannot exceed their term as directors.

ARTICLE 14:

The General Meetings shall consist of all the shareholders, with the exception of the company itself, Ubi Soft Entertainment. They shall represent the totality of shareholders.

They shall be called and held in accordance with the conditions set by the Commercial Code.

The General Meetings shall be held at the registered office or at any other place specified in the calling notice.

They shall be chaired by the Chairman of the Board of Directors or, failing this, by a director appointed for the purpose by the General Meeting.

Every shareholder has the right, upon proof of his or her identity, to take part in General Meetings by attending in person, by returning a postal voting form, or by appointing a proxy, subject to the following conditions:

> holders of registered shares or voting rights certificates must be registered by name in the company register,

> holders of bearer shares must deposit, in the places specified in the calling notice, a certificate issued by an authorized intermediary to the effect that their shares held on the accounts will be unavailable until the date of the Meeting.

These formalities shall be completed at least five days before the Meeting.

In all General Meetings, voting rights attached to shares which include a right of usufruct must be exercised by the usufructuary.

>>> TWENTY-FOURTH RESOLUTION

>>> (Powers for formalities)

The General Meeting invests the bearer of a copy or excerpt of the minutes of the present General Meeting with full powers to make all the deposits and carry out all formalities required by law wherever necessary.





4

THE ACTIVITIES OF UBI SOFT ENTERTAINMENT

>>> 4.1. THE COMPANY AND THE GROUP

4.1.1. History of the Group and its organizational development

1986: Creation of Ubi Soft SA

In 1986 five brothers, Claude, Michel, Yves, Gérard and Christian Guillemot, who were interactive entertainment enthusiasts, set up Ubi Soft. The aim of the company was to publish and distribute educational software and video games.

Ubi Soft's beginnings were marked by the successful marketing of software for PC, Amstrad, Amiga and Atari (Zombi, Fer et Flamme etc.). At the same time, an increasing share of the firm's business involved the distribution of foreign programs, thus allowing Ubi Soft to quickly gain the confidence of the largest US, British and German publishing firms, such as Elite, Microprose, Electronic Arts, Sierra, LucasArts™, Interplay, Software Toolworks and Novalogic®.

1989 - 1990: Internationalization

Ubi Soft SA set up marketing subsidiaries on the main international markets: the United Kingdom and Germany in Europe and the United States.

This move had four strategic goals:

- > to be better positioned to distribute third-party products;
- > to take part in the design and marketing of Ubi Soft products;
- > to ensure the distribution of its products;
- > to keep a close eye on technological and market developments.

1991: The launching of console products

Ubi Soft began marketing products for the rapidly growing market for Nintendo® and Sega® video game consoles. Ubi Soft thus expanded its business to a truly international mass market, and had considerable success with games such as Star Wars™, Jimmy Connors Pro Tennis Tour, Indiana Jones, The Empire Strikes Back™ and Street Racer.

The company also negotiated license agreements with prestigious companies, such as Elite, Microprose, Electronic Arts, Sierra, LucasArts™ and Novalogic®, and with well-known personalities (Kick Off with Jean-Pierre Papin, Eric Cantona Football Challenge).

1994-1995: Creation of in-house production studios and continuing international growth

The launch of Rayman®

Ubi Soft set up a large, integrated organizational structure for the creation and development of multimedia products.

From 1995 onwards, Ubi Soft was capable of developing games completely in-house. The first integrated studio abroad was set up in Romania. International growth continued rapidly with the setting-up of marketing subsidiaries in Japan and Spain in 1994, followed by Italy in 1995.

In the autumn of 1995, Ubi Soft launched the first game based on the exploits of the "armless and legless" figure, Rayman®.

The company's business was structured around four basic publishing lines: games, art education, academic instruction, and young people. At that time Ubi Soft had 368 employees around the world.

1996: Ubi Soft SA becomes Ubi Soft Entertainment SA and is floated on the Stock Exchange

> In February 1996, a production unit was created in China (Shanghai) and a distribution office was opened in Australia.

> In March 1996, the General Shareholders Meeting approved the change of the company name to Ubi Soft Entertainment SA.

In the spring, Ubi Soft Entertainment SA released POD, the first racing game to use Intel's MMX™ technology. Ubi Soft also published Grand Prix 2 (Microprose), which topped the PC sales charts in France.

> In July 1996, Ubi Soft was floated on the Paris unlisted securities market. The initial public offering was subscribed more than 75 times over.

In December, the Guillemot family expanded the company floating stock from 20% to 36%.

1997 - 1998: The Group continues to grow

Ubi Soft set up production units in Quebec (Montreal), China (Shanghai) and Morocco (Casablanca).

The company also continued its international development by setting up new marketing subsidiaries in Hong Kong and Denmark.

Ubi Soft adopted a line-based philosophy releasing such products as the best-selling F1 Racing Simulation, the first in a line of Formula One racing games. An agreement was signed with Playmobil® for

the exclusive development of the virtual adventures of the firm's well-known characters.

As of 31 March 1998, Ubi Soft had 933 employees around the world.

1999 - 2000: A year of consolidation

Ubi Soft consolidated its growth thanks to:

- > a considerable number of products, either from its own in-house studios or from outside developers (56, compared with 32 in 1998/1999);
- > a stronger license portfolio, with the signing of many new licenses, including Disney, Warner and Sony Pictures, in particular;
- > the consolidation of its distribution network with the creation of new marketing subsidiaries in Belgium and Brazil;
- > new design and production facilities in New York, Barcelona, Milan and Tokyo.

The Group restructured itself into its current organization. The sale and marketing of products was divided between two geographic centers: EMEA (Europe, Mid East, Asia) and the USA. A corporate structure based in Montreuil, France, was set up to manage the marketing subsidiaries, the studios and product quality.

The capital increase conducted on November 3, 1999 by Ubi Soft Entertainment SA was an unqualified success and enabled the company to raise 50.6 million euros. A second increase was carried out on March 14, 2000 for a sum of 166 million euros.

> In January 2000, Ubi Soft shares were transferred to the Paris Bourse Monthly Settlement listed securities market ("SRD"). There was also a 5-for-1 stock split, resulting in a share face value of FF 2.

> In February 2000, Ubi Soft set up Ubi Ventures SA with capital of 100 million euros, a 99.99%-owned subsidiary of the Group specializing in investing in start-ups and companies in the new economy. Ubi Ventures has invested in companies involved in on-line games, content and in the new communications technologies.

As of March 31, 2000, Ubi Soft Entertainment had 1,652 employees around the world.

2000 - 2001: Selective acquisition of strong brands in a changing sector

In 2000/2001, Ubi Soft Entertainment SA made timely acquisitions which allowed it to consolidate its international organizational structure and its portfolio of global brands. Ubi Soft now has a varied catalogue which includes every genre (adventure, action, strategy, racing etc).

> March 2000: Acquisition of the production studios **Sinister Games** (United States) and **Grolier Interactive Ltd** (Great Britain). These acquisitions strengthened the Group's production capacity in the United Kingdom and the United States and enhanced its position in genres with strong growth potential.

Acquisition of **GameBusters** (Austria), a distribution company which gives Ubi Soft a direct presence in this country.

> September 2000: Acquisition of **Red Storm Entertainment**, a US video game publisher with hits such as the Tom Clancy's Rainbow Six series, a line with total sales of more than five million copies.

> February 2001: Acquisition of **Blue Byte Software**, a German company which combines production, publishing and distribution activities for video games mainly intended for PC. Blue Byte is noted for creating *The Settlers Series®* and *The Battle Isle Series™* (with worldwide sales of 2.7 million units and 650,000 units respectively up to February 2001).

> March 2001: Acquisition of the **Entertainment Division of The Learning Company**.

This acquisition gave the Group exclusive publishing rights to more than 80 titles, including *Prince of Persia*, *Pool of Radiance™*, *Chessmaster®* and *Myst®*, the leading PC adventure game with sales of more than 10 million copies worldwide.

Finally, Ubi Soft strengthened its distribution network with the purchase in Italy of a 60% holding in **3D Planet SpA** (July 2000) and by taking over the distribution of software from the **Guillemot Corporation** in Germany (May 2000), France (January 2001), the Netherlands (March 2001) and Belgium and Canada (April 2001).

Four titles exceeded sales of a million units for the year: the Rayman® series (*Rayman®2 Revolution* and *Rayman®*), the Tom Clancy's Rainbow Six series, *Disney's Jungle Book Groove Party* and *Disney's Dinosaur*.

During the 2000/2001 financial year, Ubi Soft also concluded licensing and publishing agreements which enhanced the quality of its catalogue with Crave Entertainment, Sony Online Entertainment/Verant, Sony Pictures, In Utero™, Codemasters and, in June 2001, Capcom.

Since August 2000, Ubi Soft Entertainment SA shares have been eligible for the French deferred settlement system and are on the SBF 120 index.

The accelerated redemption of the October 1997 2% convertible bond began on 30 April 2001, with the conversion period running from May 21, 2001 to August 20, 2001 (conversion ratio: one bond for 5 shares).



4.1.2. The Group’s organizational structure as of July 31, 2001

The Group is organized around:

- > 21 production sites around the world, in France, Germany, Canada, China, United States, Romania, Morocco, Spain, Italy, the United Kingdom and Japan.

Production is now organized into “business units” which develop the games on a base platform and subsequently, or simultaneously, migrate them onto other formats. This enables them to act as service providers for the Group’s design and marketing teams.

- > 25 marketing subsidiaries located in 17 countries on the main markets for this sector: the United States, Japan, and Europe (France, Germany, the United Kingdom, etc).



Ludigames SA	(France)	20.00%
GameLoft.com SA	(France)	15.12%
Ubi Ventures SA	(France)	100.00%
Ubi soft Holdings Inc	(USA)	100.00%

PRODUCTION

Ubi Soft Edutainment SA	(France)	85.00%
Ludimedia SA (1)	(France)	99.76%
Ludi Factory SARL (1)	(France)	99.80%
Ubi Game Design SARL	(France)	99.00%
Ubi Studios SA	(France)	99.60%
Ubi Research & Development SARL	(France)	99.80%
Ubi Simulations SARL	(France)	99.80%
Ubi Soft Entertainment Inc NY	(USA)	100.00%
Ubi Pictures SARL	(France)	99.00%
Ubi Animation SARL	(France)	99.80%
Ubi Graphics SARL	(France)	99.80%
Ubi Sound Studio SARL	(France)	99.00%
Ubi Soft Divertissements Inc	(Canada)	100.00%
Shanghai Ubi Computer Software Co Ltd	(China)	100.00%
Ubi Networks SARL	(France)	99.80%
Ubi Soft Entertainment Sarl	(Morocco)	99.98%
Ubi Voices Inc	(USA)	100.00%
Ubi Music Publishing Inc	(Canada)	100.00%
Ubi Info Design SARL	(France)	99.80%
Ubi World Studios SARL	(France)	99.80%
Ubi Productions France SARL	(France)	99.80%
Ubi Computer Software Beijing Co Ltd	(China)	100.00%
Ubi Studios Srl	(Italy)	97.50%
Ubi Studios S.L	(Spain)	99.95%
Ubi Color SARL	(France)	99.80%
Ubi Digital Movies Inc	(Canada)	100.00%
Ubi Soft S.R.L	(Romania)	99.35%
Ubi Studios KK	(Japan)	99.50%
UBI Music Inc	(Canada)	100.00%
Ubi Studios Ltd	(United Kingdom)	100.00%
Sinister Games Inc	(USA)	100.00%
Red Storm Entertainment (1)	(USA)	100.00%
Blue Byte Software Inc (1)	(USA)	100.00%

ADMINISTRATION

Ubi Administration SARL	(France)	99.99%
Ubi Books & Records SARL	(France)	99.00%

MARKETING

Ubi Soft Marketing & Communication SA	(France)	99.94%
Ubi Soft Entertainment Ltd	(United Kingdom)	100.00%
Ubi Soft Entertainment GmbH	(Germany)	100.00%
Ubi Soft SA	(Spain)	99.95%
Ubi Soft SpA	(Italy)	99.98%
Ubi Soft Inc	(United States)	99.99%
Ubi Soft KK	(Japan)	100.00%
Ubi Soft PTY Ltd	(Australia)	100.00%
Ubi World SA	(France)	99.88%
Ubi Soft France SA	(France)	99.94%
Ubi Soft Publishing OEM Inc	(Canada)	100.00%
Ubi Soft Entertainment Nordic A.S	(Denmark)	99.50%
Ubi Soft Entertainment SprL	(Belgium)	99.33%
Ubi Soft Entertainment Ltd	(Hong Kong)	99.50%
Ubi Soft Entertainment B.V.	(Netherlands)	98.75%
Ubi Soft Entertainment Sweden A.B	(Sweden)	98.00%
Ubi Marketing Research SARL	(France)	99.80%
GameBusters GesmbH	(Austria)	100.00%
Ubi Soft Entertainment Ltda	(Brazil)	99.00%
Ubi EMEA SARL	(France)	99.99%
3D Planet SpA	(Italy)	60.00%
Ubi Soft Canada Inc	(Canada)	100.00%
Blue Byte Software GmbH. Co KG	(Germany)	100.00%
Blue Byte Software Ltd	(United Kingdom)	100.00%

(1) These companies are held indirectly by Ubi Soft.

The intra-Group relationships are as follows:

- > production companies bill their work according to how far their projects have advanced;
- > marketing companies are billed by Ubi Soft Entertainment SA on the basis of their sales volume.

Services rendered by the production and marketing companies are billed according to market conditions.

Ubi Soft Entertainment does not own the premises it occupies in any country.

4.1.3. Main activities

Ubi Soft's main activity centers on three basic areas: the development, publishing and distribution of interactive entertainment software.

a) Development: from design to implementation

The **design** of a video game begins with the definition of the scenario and the game's universe, in line with the development guidelines laid down by the editorial managers. The design teams work on market analysis with the strategic marketing teams to identify innovative game play concepts that will please the target consumers. The design of the software leads to the creation of a story board adapted to a predefined type of consumer, and on this basis the heads of sales and marketing in the USA, Europe, Middle East and Asia provide sales estimates to help set the budget for the production teams.

In designing games, Ubi Soft teams have always emphasized game play¹, the development of gripping scenarios, and rich graphics and sound to satisfy demanding players.

Technological developments, increases in processor power, progress in 3-D imaging (improved graphic cards), new Internet applications, expanding console capacity and the arrival of DVD-video offer additional potential for innovation in these areas.

Since it set up its first design studio, Ubi Soft has developed 154 games in-house and in co-production (10 in 1995/1996 and 61 in 2000/2001).

Producing a game involves numerous activities. Ubi Soft entrusts the production of its software to specialized teams working in more than 21 in-house studios in 10 countries on four continents. They have their own management and act as service providers for the design and distribution teams. This organizational structure, and the variety of projects and media, unleashes the full capabilities of each studio. It also makes it possible to consolidate all the know-how needed to produce the software, thus raising productivity and increasing responsiveness to technological innovation.

For each new project, a new team is set up, bringing together the studio's expertise and skills to advance the production.

However, first the IT tools needed to produce the software have to be developed. The research teams have working relationships with manufacturers of consoles, operating systems, processors, etc. Also involved in this work are the Development teams who create the design tools and the software engines. More than 300 Ubi Soft software engineers around the world are responsible for this work.

- > Producing interactive software involves considerable work on graphics. This is carried out by the Modeling, Animation and Cinematics studios, who work, respectively, on the creation of the graphics and volumes, on the animation of these volumes and finally on the creation of the game's introduction, transitions and climax.
- > The game Design is developed by game-design teams, who emphasize game play. The aim is to stimulate the user without discouraging him or her (levels, tricks, maps, etc.). The Software Design teams are in charge of programming the behavior of the various virtual actors in the game (characters, vehicles, etc). Finally, the Sound Design teams are in charge of the game's soundscape.
- > Ubi Soft also owns sound, video and localization studios. The Sound teams comprise specialists in sound recording and mixing who work in recording studios with actors and the sound designers. The Video studio is in charge of introducing the cinematics and developing commercials and game demonstration spots. The task of the Localization teams is to adapt a game for a given public in terms of language, technology and culture.
- > Finally, the software undergoes rigorous tests conducted by Ubi Soft on all possible configurations (by media, by version, stand-alone or networked, and so on).

The rigorous work and high quality standards have led to several games being classified AAA (the highest quality score for a game awarded by trade journalists and professionals) and to being endorsed by Japanese game console manufacturers, who are renowned for their strict standards.

Building on this know-how over the years has enabled Ubi Soft to create its own product lines whose reputation and success is growing every day. Rayman sales have now exceeded nine million copies.

Games created by Ubi Soft are generally developed on several platforms. The existence of several formats helps increase sales volumes for a relatively modest marginal development cost. The expertise currently possessed by Ubi Soft studios also helps minimize the costs of migrating the game from its initial development platform to other target platforms.

Ubi Soft works hard to position itself as quickly as possible on new formats. For instance, Ubi Soft was one of the first publishers to

¹ The playability of the game – see the Glossary at the end of chapter.



develop games for Playstation®2. Five games were available within months of its launch, including two at launch time itself: Rayman® Revolution and Disney's Dinosaur, followed by Disney's Donald Quack Attack, Disney's Jungle Book Groove Party and F1 Racing Championship.

In the same way, the version of Rayman® for the Nintendo Game Boy® Advance handheld console was ready for the launch line-up in the United States and Europe, and Myst®III will be ready for the launching of the X-box in Japan. The same was true in the past for Sega's Dreamcast® console and the Nintendo 64, which came out in 1998 and 1999.

b) A substantial portfolio of licenses

Ubi Soft regularly signs contracts for licenses to publish and/or distribute third-party products. Generally speaking, this involves using a property which already exists, an idea, concept, universe or theme which is well known to the public. Ubi Soft enters into a licensing agreement when it believes it can add something new, contributing new content by porting it to an interactive entertainment medium while emphasizing quality at each stage of creating the game.

Publishing from licenses also means developing graphics which add value to the subject. This factor is particularly important when it comes to animating a character which did not originally move (as was the case with traditional games like Playmobil®), or when using a 2-D character in a 3-D game (as in the case of XIII, the comic book character, a five-year license recently acquired from Dargaud). However, it is important to ensure that the character remains immediately recognizable and has not lost any of its originality. The Group puts all its know-how to work to bring heroes to life in new interactive adventures.

In addition to game play and graphics, Ubi Soft's expertise also involves paying particular attention to music so that it is well suited to the universe of the license. Each game is tailored to arrive at the design best suited to the spirit and universe of its hero.

A dedicated team works throughout the year to identify new products. To this end, it studies all existing forms of artistic expression, from the world of comic books, cinema and television to music and children's books, and so forth. The established reputation of certain characters and universes gives the Group an opportunity to attract a broad public.

Here too, the Group's international network helps exploit the commercial potential of a given license.

When a possible license is identified, the rapid response of Ubi Soft's teams makes it possible to propose a game design to potential partners very quickly.

There are three pillars to Ubi Soft's license strategy:

- > “timeless” licenses or the great classics, such as Walt Disney's Jungle Book or F1 Racing;
- > present-day licenses, basically subjects taken from the world of cinema and TV;
- > licenses for sports and media personalities.

Ubi Soft generally enters into long-term licenses, such as the ten-year license signed with Largo Winch and the seventeen-year license with Tom Clancy. Other licenses range from three to five years. Contracts with the owners of licenses generally provide for guarantees as to the quantities sold and the payment of royalties per unit sold.

Licenses thus make it possible to boost sales by a factor of two or three, extend product lifetimes using scenarios and spin-off products, and reduce marketing costs.

For example, the release of a game simultaneously with a film helps give a leverage effect in terms of product promotion, as will be the case for the coming release of the remake of ET, the Extra Terrestrial (NewKidCo license).

The new license agreements for this financial year were:

> Colin McRae Rally, Mike Tyson Boxing and TOCA World Touring Cars	Codemasters
> XIII	Dargaud
> Disney 's Donald Duck Goin' Quackers, Walt Disney 's The Jungle Book Groove Party, Disney 's Tarzan ™	Disney Interactive
> Largo Winch	Dupuis
> Scrabble, Monster Jam Maximum Destruction	Mattel Interactive
> Crouching Tiger Hidden Dragon ™	Sony Pictures Consumer Products
> Batman™;Vengeance	Warner Bros Interactive Entertainment

These beef up a license portfolio that is already very strong: Warner Bros Interactive Entertainment (Batman, The Powerpuff Girls), Disney Interactive (Goofy's Fun House), Sony Pictures Consumer Products (VIP, for a ten-year term), Sony Online Entertainment (Everquest®: The Ruins of Kunark™).

In addition, Ubi Soft produces games by third-party publishers, which in 2000/2001 represented 31% of the Group's consolidated sales:

> The Powerpuff Girls™	BAM!Entertainment
> Super Street Fighter 2X Revival, Street Fighter Alpha 3, Mega Man 1 and 2, Breath of Fire 1 and 2, Final Fight 1	Capcom
> Battle Realms, Armored Core, Kengo, Ultimate Fighting Championship	Crave
> Conquest: Frontier Wars worldwide	Digital Anvil Holdings
> Disney's Goofy's Fun House	Disney Interactive
> Grandia II, Evolution II	Entertainment Software Publishing
> Conflict Zone ™	MASA (Mathématiques appliquées SA)
> Ministry of Sound	Ministry of Sound
> Reel Fishing® II, Harvest Moon®: Back to Nature	Natsume
> E.T. The Extra-Terrestrial, Tom & Jerry	NewKidCo

> Evil Islands	Ravensburger Interactive
> The Ruins of Kunark™ EverQuest®: The Scars of Velious™ EverQuest®: Shadows of Luclin™	Sony Online Entertainment
> PlanetSide	Sony Online Entertainment

c) Distribution: controlling an international network

Ubi Soft handles the marketing and sale of its own products as well as those of more than fifty third-party publishers, such as Sony Online Entertainment worldwide (excluding the United States), Disney Interactive in Scandinavia, Capcom in China, and Lucas Arts, which the Group represents in various regions. When distributing products from third-party publishers, Ubi Soft studios handle all the localization needed to create bilingual or even multi-lingual versions (software, packaging and user manuals) according to the distribution areas agreed in the contract and the formats concerned.

The localization studio teams work in advance of project development in order to integrate the constraints in the countries for which games are intended. The studio is thus responsible for giving vital advice to developers. Between April 2000 and March 2001, more than 400 projects were completed by the Ubi Soft localization studio, which adapted products into over 24 languages.

Ubi Soft thus has an extensive range of more than 1,000 active titles worldwide, and this gives it extra bargaining power in its negotiations with local distributors.

Ubi Soft distributes its products in 52 countries. Distribution is handled either by its direct distribution subsidiaries in 17 countries (United States, Brazil, France, United Kingdom, Germany, Australia, Spain, Italy, Netherlands, Belgium, Denmark, Canada, China, Japan, Sweden, Austria, Hong Kong) or through distribution and licensing agreements.

Marketing and sales are organized into two major areas: EMEA (Europe, Middle East and Asia) and the United States.

In 2000/2001, thanks to its latest acquisitions the Ubi Soft European distribution network was consolidated by integrating the German, Belgian, Dutch, Canadian and French distribution networks belonging to the Guillemot Corporation. Ubi Soft also benefited from new direct distribution channels in Austria (GameBusters) and Italy (3D Planet SpA). With its acquisitions in the United States, in particular the Entertainment Division of TLC, Ubi Soft now has a presence in the largest US retail chains, including Wal-Mart.

These distribution arrangements guarantee Ubi Soft local control of its products in an environment in which display space is becoming all the more precious as the number of titles increases. Ubi Soft now has direct control over its distribution in the United States and Europe. In this field the company is in fourth place in Europe and first place in China, where it also distributes Japanese publishers.

International distribution is focused on a targeted, local marketing strategy.

With regard to sales promotion, Ubi Soft is continuing to extend its partnerships with big retail brands:

- > Nestlé, Coca Cola, Disney Channel and Canal +, for the promotion of Disney's Dinosaur in Spain;
- > Sketchers, for the promotion of Rayman® in the United States;
- > Toy's "R" Us, for the promotion of Disney's Jungle Book Groove Party in the United States;
- > Packard Bell, NRJ, Pizza Hut, Liberty TV and Sport Avenue in Belgium;
- > ASDA "Golden Puff" cereals, for the promotion of Rayman® in the United Kingdom;
- > Omo, for the promotion of Disney's Dinosaur in the Netherlands;
- > Cuétara cookies, for the promotion of Golden Glory: The Road to Eldorado in Spain;
- > Shell, for the promotion of Grand Prix 3 in France.

In the field of advertising, Ubi Soft works regularly on all its games with an international network of agencies. The Group also ensures that each campaign is effective by carrying out consumer impact and approval tests.

With regard to sales promotion, Ubi Soft has signed a number of partnership agreements with established brands in quick succession in order to make its games better known.

Finally, online marketing is a key focus of Ubi Soft's marketing strategy. Our sites today are not only informative and rich in content, but they also make full use of all the advantages of this medium, such as interactivity, real-time updates, and so on.

4.1.4. Business environment

a) An overview of 2000/2001

At the end of 2000, the global market for video game software and hardware was estimated at about USD 20 billion¹, more than global sales of pre-recorded video cassettes and DVDs (USD 12 billion) and worldwide cinema takings. According to a survey carried out by the trade association Interactive Digital Software Association (IDSA) on entertainment-oriented activities², video games come before television, the Internet, reading, movies or video. 60% of Americans say they play video games, i.e. 165 million people.

There are three major markets for video games: Europe, the United States and Japan. In Europe, Germany, Great Britain and France account for 60% of sales.

Software for consoles represents two-thirds of video game sales, while programs for personal computers (PC or Mac) account for the other third. There are, however, differences between regions: the share of console games comes to 90% in Japan, due to the influence of Japanese manufacturers (Sony and Nintendo), but falls to less than 60% in Europe.

According to Arcadia³ (April 2001 survey), the games industry in the United States will grow by 10% in 2001, and growth in 2002 should reach 30%. In 2001, 21.1 million new machines will be installed in the US, with total sales of 114.9 million games. In 2002, the number of new machines will be 26.4 million and the number of new games 135.2 million. The European market is the mirror image of the



American market. In Japan (according to the IDG), the consoles market should come to about 4.5 million new units, with 22 million new games.

Video games are generally broken down into seven main categories: strategy and role-playing, action, combat and shooting, sports, racing, family games, children's games and miscellaneous games.

Action/combat and shooting games topped sales in the United States in 2000, with 37% of the market, followed by strategy and role-playing games (21%), sports games (21%) and racing (13%)⁴. These four categories account for more than 91% of sales³.

The video game market is highly influenced by technological developments. The policy of console manufacturers also has an influence on product launches. The year 2000/2001 was marked by the market's movement towards new-generation machines and the wait-and-see attitude generated by the new Sony PlayStation®2 platform.

This wait-and-see attitude is not a new phenomenon. The business of video game publishers has already experienced this kind of jolt with the arrival of a new generation of consoles. In 1992, annual sales of 16-bit consoles rose to more than 20 million units before dropping to 8 million in 1995. Console sales took off again in 1996, and above all in 1997 to 1999, as 32 and 64-bit consoles took over from the 16-bit devices.

This dynamic was repeated in 2000, with a fall in sales of 32/64-bit consoles to 10 million units as the new 128-bit PS®2 was launched in March 2000.

2001 saw a recovery from 2000, which was a year of transition. The new PS®2 is selling fast, and Sony anticipates sales of 20 million units worldwide. By March 2002, this figure should reach 34 million units. The launching of the Nintendo Game Cube™ and the Microsoft X-Box in the United States at the end of 2001 will also help to buoy up console sales, which are expected to peak in 2003/2004. Publishers have already felt the impact of these new-generation consoles on sales of video games. In France, for example, video game sales rose slowly until October 2000, then picked up briskly in November and December due to the combined impact of the PS2 launch and Christmas. PS2 games immediately took a 7 to 8% market share, and accounted for 10% of Ubi Soft's total sales.

The Nintendo handheld console, Game Boy® Advance (GBA), should also help sustain the market in 2001. After its launch in Japan in March (1,100,000 units sold in the first three weeks⁵) and then in June in the United States and Europe, sales of 24 million units are expected for the year as a whole.

b) Seasonal business fluctuations

Sales of interactive entertainment products are generally seasonal to some extent. The period from September to December traditionally sees more products released than the rest of the year.

However, Ubi Soft's policy is to stagger product launches over the year, while taking advantage of the rise in consumer interest at the

end of the year, so as to maximize sales of products with the greatest potential. Spreading product launches over several countries also helps smooth activity.

Business from the first half-year (April-September) usually accounts for 30% of annual sales.

c) Overview of the competition in the interactive games industry

There has been considerable concentration in the video game sector during the last ten years. Game publishers now compete in a global environment.

Following numerous mergers and acquisitions, only a few of the main video game publishers⁶ have been in business for more than 10 years: Activision, Electronic Arts, Infogrames, THQ, Titus and Ubi Soft. Indeed, several major companies have disappeared or been taken over, including Broderbund, Sierra, Cendant, GT Interactive, TLC, Time-Warner Interactive and BMG Interactive. Many of the smaller production studios have also been taken over (Mindscape, Crystal Dynamics, Westwood, Wizzards, etc.).

The market is still highly fragmented. In the United States, the eight largest publishers control only 63% of the market. There is likely to be increasing concentration in this market in coming years.

¹ *Financial Times*, "Analysis: Playing to Win", May 19, 2001.

² Survey conducted on more than 1,600 US households.

³ Arcadia Investment Corp. survey "2000-2001: Home Entertainment Market Update" – April 2001 (USA, Japan, Europe).

⁴ Datamonitor, *Electronics Games in Europe and US, 2000-2005*. 4th edition

⁵ Source: Nintendo.

⁶ Excluding console manufacturers.

The industry can be broken down into three different categories:

> Console manufacturers

Sony and Nintendo are in a unique position because they have been in the video game business for several years as both console manufacturers and publishers of games for their own consoles. They can be viewed more as complementary to other publishers than as competitors. When a publisher is successful on a console, the console manufacturer reaps the benefits of both “manufacture” commissions and an enhanced reputation.

Microsoft, a new player in the sector, has moved into this category with its X-box.

At the beginning of the year, Sega, which is on the contrary moving out, decided to abandon manufacturing its Dreamcast console to concentrate exclusively on producing games software.

> Conglomerates

for whom the video game business is merely one area of diversification in a much broader range of activities. Even though becoming a developer and producer of video games is a difficult undertaking for companies outside the field, Vivendi Universal, Disney Interactive and Microsoft have had considerable success in the sector, and are now among the ten leading publishers worldwide.

Relations between these non-specialist firms and the specialist games publishers are constantly changing. This is illustrated by the recent transfer of Hasbro Interactive to Infogrames and by Disney Interactive’s policy of license agreements with specialist publishers (including Ubi Soft).

> Games publishers

The world market is currently dominated by US and Japanese companies which benefit from extensive domestic markets:

- > US game publishers Activision, Electronic Arts, Take2 and THQ are leaders in the sector. They have a presence in every type of game and are very active in sports and extreme sports.
- > Japanese publishers produce hits with sales in the millions: “Final Fantasy” by Square, “Metal Gear Solid” by Konami and “Street Fighter” by Capcom.
- > among the Europeans are several French companies: Infogrames, the second-largest independent publisher worldwide, and Ubi Soft, which ranks tenth globally among listed companies, and second in Europe, behind Infogrames and ahead of Eidos (Great Britain).

Main video games publishers worldwide (excluding manufacturers)

RANK	PUBLISHER	2001 (€) GAME	2001 (€) GAME		MAIN PRODUCT LINES
			SALES	% GAMES	
			(USD MN)	SALES IN GROUP (€)	
1	Electronic Arts	US	1,760	100%	FIFA, Sims, Madden, NBA, NHL, Medal of Honor, Need for Speed
2	Konami	Jap	1,181	65%	Metal Gear Solid, Silent Hill, ISS, Dance Dance Revolution
3	Infogrames	Fra	889	100%	Driver, Looney Tunes, Alone in the Dark, V Rally, Unreal
4	Square Co	Jap	760	99%	Final Fantasy, The Bouncer, Parasite Eve
5	Activision	US	594	100%	Toy Story, Tony Hawk’s Pro Skater, Spiderman, Quake
6	Capcom	Jap	483	70%	Devil May Cry, Street Fighter, Resident Evil, Onimusha
7	Vivendi Univ. Publ.	Fra	470	NA	Warcraft, Diablo, Starcraft, Crash Bandicoot, Spiro
8	Take 2	US	385	100%	Oni, Austin Power, GTA, Midnight Club, Spec Ops
9	THQ	US	374	100%	Simpsons, Evil Dead, WWF, Ring Rats, Red Faction, Power Rangers
10	Ubi Soft	Fra	351	100%	Rayman, Tom Clancy’s Rainbow Six, The Settlers, Myst, Chessmaster
11	Eidos	GB	285	100%	Tomb Raider, Commandos, Who Wants To Be A Millionaire?, Soul Reaver
12	Namco	Jap	256	30%	Tekken, Ridge Racer, Soul Calibur, Pac Man
13	Acclaim (EU)	US	242	100%	South Park, Dave Mirra Bmx, NFL Quarterback Club, Extreme G
14	Midway	US	207	NA	Ready to Rumble, SpyHunter, NFL Blitz, Gauntlet
15	Titus/Interplay/ VIE	Fra	164	100%	Baldur’s Gate, Giants, Icewind Dale, Top Gun
16	3DO	US	159	100%	Army Men, Might and Magic, High Heat Baseball

Source: ABXΔE HSBC CCF multimédia - April 8, 2001



>>> 4.2. ACTIVITY IN 2000-2001

4.2.1. Events which influenced Ubi Soft activities during the financial year

February 2000

- > Acquisition of **Grolier Interactive Ltd** (Great Britain).

The integration of this production studio in Oxford has given Ubi Soft four titles: one for PlayStation®, one for Dreamcast and two for PC. The studio's leading title, *Dragon Riders-Chronicles of Pern™*, is based on the world of Anne McCaffrey's novels.

March 2000

- > Acquisition of **GameBusters** (Austria).

This acquisition provides Ubi Soft with a direct operation in Austria, a market which previously had been covered by the German subsidiary. Given its reputation, GameBusters will continue to distribute games and accessories under its own name. In 1999, GameBusters had sales of 4 million euros.

April 2000

- > Acquisition of **Sinister Games** (United States).

Sinister Games was behind the success of *Dukes of Hazzard™ - Racing for Home* for PlayStation®, which was published by SouthPeak Interactive™ and distributed in Europe by Ubi Soft, as well as *Shadow Company*, a 3-D real-time tactical action game, published worldwide by Ubi Soft.

Founded in 1997, Sinister Games now comprises more than 20 software developers specializing in action and strategy games, and is continuing to produce games for Ubi Soft and other publishers.

- > Agreement with Sony Computer Entertainment/Sony Online Entertainment/Verant Interactive for the distribution of **Everquest®: The Ruins of Kunark™**

Everquest, the international benchmark for online game playing, has 250,000 subscribers, and Ubi Soft will handle distribution in Europe, Russia and Israel.

- > Agreement with In Utero™ for the publication of **Evil Twin-Cyprien's Chronicles**.

Evil Twin - Cyprien's Chronicles is a new 3-D real-time action/adventure game. Development is being handled by In Utero™ in collaboration with Ubi Soft, which will publish it around the world.

May 2000

- > Acquisition of the **German interactive software distribution business** of Guillemot Corporation.

This takeover will give Ubi Soft Germany a direct relationship with customers such as Media Markt, Karstadt, Quelle, Toy's "R" Us, etc.

- > Disney's *Dinosaur GameBoy@Color*, no. 3 in GameBoy sales in the United States.

- > 32 exclusive products presented at the E3 exhibition in Los Angeles.
- > *Rayman@2* is voted game of the year 2000 for Dreamcast by IGN.

June 2000

- > 6.5 million copies of the Rayman line sold around the world.
- > Signing of a publishing and distribution agreement with Entertainment Software Publishing Inc (ESP) for *Grandia™2* Dreamcast, covering Europe and North America.

July 2000

- > Acquisition of a **60% holding in 3D Planet SpA** (Italy). The Group has been collaborating with the distributor 3D Planet for three years. With a very strong presence on the Italian market, 3D Planet had sales of 13 million euros in 1999. 3D Planet handles Italian distribution for several international video game publishers and accessory manufacturers, including Ubi Soft, THQ, Titus Interactive, Guillemot Corporation, Madcatz and Saitek. Its main clients are MediaWorld, Auchan, Carrefour and COOP.

- > Signing of an international agreement with **NewKidCo** International for the publication of children's video games.

This multiyear agreement covers the publication of PlayStation® and Game Boy@Color video games by NewKidCo, which has licenses to use characters from Disney Interactive, Sesame Workshop, Sony Picture Consumer Products, Warner Bros, etc.

August 2000

- > Signing of an agreement with Kemco for the publication of **Batman of the Future™: Return of the Joker**.

This game will be published for PlayStation®, Game Boy@Color and Nintendo 64.

September 2000

- > Acquisition of **Red Storm Entertainment** (USA).

In 1999 Red Storm Entertainment, which was founded in 1996 by well-known author Tom Clancy, had net sales of USD 52 million, 70% of which were in North America. The studios have about 100 employees.

Its games include the hits *Tom Clancy's Rainbow Six™* and *Tom Clancy's Rogue Spear*, which have sold a total of more than 5 million copies around the world.

The Rainbow Six™ series was voted:

- > best action game for 1999 and 2000 by PC Gamer magazine,
- > best multiplayer game at the ECTS exhibition in 1999.

The intense action in Rainbow Six and Rogue Spear made these two games the most popular multiplayer games in the Microsoft Gaming Zone.

As part of this agreement, Tom Clancy has also signed a new long-term exclusive licensing agreement with Red Storm and Ubi Soft, covering all game platforms and all PC and console products.

November 2000

> Signing of a worldwide licensing agreement with Dargaud for **XIII**, the comic book created by Jean Van Hamme and William Vance. This exclusive five-year contract gives the Group a license for the well-known comic book which, since the first episode was published, has sold about 6.5 million copies. Ubi Soft will use it to develop an action/adventure game for PlayStation®2, Game Cube and Game Boy®Advance.

> Signing of an agreement with **Disney Interactive** for the distribution of PC CD-ROMs in Scandinavia.

This agreement covers the distribution of all Disney Interactive PC products, including 102 Dalmatians and Dinosaur. In addition to distribution, Ubi Soft also acquired the rights to the console version of Disney's Dinosaur, Donald Duck: Quack Attack, Tigger's Honey Hunt and the rights to Disney's Aladdin on Game Boy™ Color.

> Signing of an agreement with **Crave Entertainment** for the distribution of the Crave catalogue in Europe.

This agreement covers twenty Crave titles coming out up to March 2001. Among these are 5 PS®2 titles, including Armored Core and Kengo.

> Signing of an agreement with **Natsume** for the distribution of its games in Europe.

Titles covered by the agreement include Reel Fishing®II and Harvest Moon®: Back to Nature.

> Signing of an agreement with Ravensburger Interactive Media GmbH for a period of three years for the distribution of **Evil Island**. This game, the first role-playing game (RPG) entirely in 3-D, will be distributed by Ubi Soft in Europe.

January 2001

> Integration of the Guillemot Corporation **distribution** channels in France.

> Launch of the first cut-price Ubi Soft range for PlayStation®. After the Classic Collection range for PC products, Ubi Soft launched a new label with standardized packaging in Europe, Asia and Asia Pacific. Tom Clancy's Rainbow Six Exclusive Collection is the first game in the range. This new label will make it possible to extend the life of products.

> Extension of the **NewKidCo** agreement for the publication of E.T.: The Extraterrestrial and Tom & Jerry.

The extension of this agreement until 2002 covers a total of 13 titles for countries using the PAL standard.

February 2001

> Acquisition of a major video game company in Germany, **Blue Byte Software**.

Blue Byte was one of the pioneers of video games in Germany. Founded in 1988, the company handles the production, publishing and distribution of video games, essentially for PC. It operates in three countries: Germany, the United States and the United Kingdom.

Blue Byte was behind two of the most popular series in the history of video games in Germany: *The Settlers Series*® had global sales of 2.7 million units, and *The Battle Isle Series*™ sold 650,000 copies around the world.

In 2000, Blue Byte had sales of 9.5 million euros. This acquisition will make Ubi Soft the fifth leading video game publisher in Germany.

> Since it was created in 1995, the Rayman® line has sold 9 million units worldwide.

Rayman® Revolution for PlayStation®2 is number 1 in sales on Amazon.com.

March 2001

> Integration of the Guillemot Corporation **distribution** network in the Netherlands.

> Acquisition of the **Entertainment division of The Learning Company** (GAME Studios).

Ubi Soft closed a takeover deal with the US Company, Gore Technology Group, for the Entertainment division of its subsidiary The Learning Company.

This acquisition made Ubi Soft the world publisher of the next two episodes in the *Myst*® series. This series marked a turning point in the history of video games, with more than 10 million units sold worldwide. In total, Ubi Soft incorporated a catalogue of more than 80 titles, including other internationally known games such as *Pool of Radiance*, *Prince of Persia*, *Chessmaster*® and *Harpoon*.

The addition to 2001-2002 sales figures should exceed 40 million euros (USD 37 million) and improve Ubi Soft's profitability. This portfolio of games will build up Ubi Soft's PC games catalogue, which is expected to represent more than a third of its global catalogue over the next twelve months.



4.2.3. Sales

a) Annual consolidated sales

in millions

2000/2001	1999/2000	CHANGE
F 1,704	F 1,223	+ 39.3%
€ 260	€ 186	

Ubi Soft sales rose 39% in 2000/2001, and 13.5% on a like for like basis, in other words excluding the acquisitions of 3D Planet (Italy), Sinister Games (United States), and Red Storm (United States), which have been consolidated since October 1, 2000, and Blue Byte (Germany), which has been consolidated since 6 February 2001. The foreign exchange impact on sales was 3%.

These figures once again show Ubi Soft's ability to outperform the market, which shrank by about 5%. It demonstrates the soundness of the Group's strategy, which can be summarized as follows:

- > acquisition of leading brands;
- > internal growth;
- > establishment of a global distribution network;
- > early positioning on new platforms.

Four lines had sales of more than a million units for the 2000/2001 financial year:

Rayman®2 The Great Escape, Rayman®2 Revolution and Rayman®	2,075,377
Tom Clancy Rainbow Six™ (the series) ¹	1,382,152
Disney's Jungle Book Groove Party	1,114,145
Disney's Dinosaur	1,049,242

The Ubi Soft catalogue includes over 1,000 titles. The ten leading titles account for 48% of sales for the 2000/2001 financial year, 12% of which are for the Rayman® line.

b) Sales by type of activity

Ubi Soft sales are broken down into the Development, Publishing and Distribution of interactive games.

Development sales reflect total revenue for titles designed, produced and marketed by Ubi Soft, as well as revenue from games developed by third parties, for whom Ubi Soft provides supervision and co-production and stands as a guarantor of product quality. **Publishing** sales reflect total sales for titles designed and produced by developers, for which Ubi Soft finances and supervises production in exchange for acquiring the license. Ubi Soft is responsible for adaptation, localization, manufacturing, marketing and sales. The company receives the revenue from product sales and pays royalties to the developers and/or owners of the trademark.

Distribution sales correspond to revenue from sales of the products of publishers with whom Ubi Soft has concluded distribution agreements and handles marketing and sales.

ACTIVITY	SALES		SALES	
	2000/2001	% SALES	1999/2000	% SALES
Development	FF 1,120 € 170	66%	FF 819 € 124	67%
Publishing	FF 528 € 80	31%	FF 281 € 43	23%
Distribution	FF 56 € 10	3%	FF 123 € 19	10%
TOTAL	FF 1,704 € 260		FF 1,223 € 186	

c) Production volumes

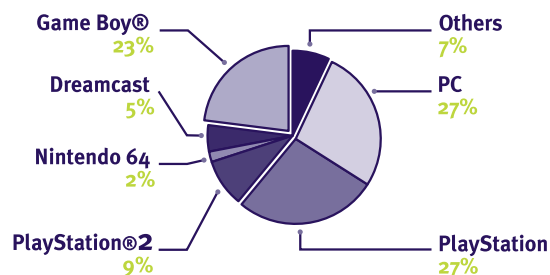
Number of titles produced in-house and in co-production (third-party):

	2000/2001	1999/2000	1998/1999
Number of titles	61	34	20

The company attaches strategic importance to its development activity, as this leads to:

- > improved profitability, especially on titles with great sales potential, thanks to multi-platform development, better game quality and rigorous control of timescales and budgets.
- > improved control of timescales. This allowed Disney's Dinosaur to be produced in less than ten months and released at the same time as the film associated with the license.
- > the development of tools and technology which can be reused from one game to another.
- > the creation of ad-hoc tools, such software engines, to meet game-playing requirements.

d) Sales by type of platform



The breakdown of 2000/2001 sales shows how quickly Ubi Soft has adapted to changes in the types of platform. Our early positioning on the PS®2, sales of which doubled in the third quarter, is worthy of mention. From that point on, PS®2 product sales exceeded the

¹ Number of games sold in the Tom Clancy Rainbow Six series (Rainbow Six, Rainbow Six: Covert Ops, Rogue Spear) since acquisition of Red Storm in August 2000.

value of PSX product sales, accounting for more than 20% of sales in the last quarter of the financial year.

Nonetheless, the changes in the various platforms had an impact on the gross margin for the financial year ending March 31, 2001 compared with the preceding year due to:

- > a higher proportion of GameBoy Color sales, which have a lower margin;
- > pressure on PSX game prices (lower prices due to the release of PS2);
- > a significant downturn in the first half-year on old-generation consoles (N64 and Dreamcast).

e) Sales by geographic area

FINANCIAL YEAR	2000/2001		1999/2000	
	SALES	% SALES	SALES	% SALES
France	FF 401 € 61	24%	FF 576 € 88	47%
Europe	FF 754 € 115	44%	FF 317 € 48	26%
USA / Canada	FF 469 € 71	27%	FF 292 € 44	24%
Asia / Australia	FF 77 € 12	5%	FF 37 € 6	3%
Rest of the world	FF 4 € 1	Ns	FF 1	Ns
TOTAL	FF 1,704		FF 1,223	
	€ 260		€ 186	

There was brisk progress in sales in Europe, which increased by about 40%, essentially as a result of higher sales in Great Britain and Germany, where sales more than doubled. The Asia Pacific region (China, Japan and Australia) also saw strong growth of 100%. Sales growth in the North America region is steady and should pick up, particularly with the release of Myst®III in May 2001.



f) Sales of the main subsidiaries

SUBSIDIARY (IN THOUSANDS)	CONSOLIDATED		PROFITS		CONSOLIDATED		PROFITS	
	SALES	03/31/01	03/31/01	SALES	03/31/00	03/31/00	SALES	03/31/99
Ubi Soft Inc. (United States)	FF 409,219 € 62,385	FF (45,878) € (6,994)	FF 272,945 € 41,610	FF 19,553 € 2,981	FF 98,160 € 14,964	FF 3,254 € 496		
Ubi Soft Entertainment Gmbh (Germany)	FF 187,964 € 28,655	FF 13,371 € 2,038	FF 100,578 € 15,333	FF 49 € 7,47	FF 136,011 € 20,734	FF 2,686 € 409		
Ubi Soft Entertainment Ltd (United Kingdom)	FF 216,972 € 33,077	FF 2,650 € 404	FF 75,885 € 11,568	FF 296 € 45	FF 78,821 € 12,016	FF 124 € 19		
Ubi Soft Entertainment Nordic A/S (Denmark)	FF 95,904 € 14,620	FF 3,089 € 471	FF 34,582 € 5,271	FF 344 € 52	FF 13,080 € 19,944	FF 155 € 24		
Ubi Soft SA (Spain)	FF 50,180 € 7,650	FF 975 € 149	FF 24,845 € 3,787	FF 151 € 23	FF 27,281 € 4,158	FF 305 € 46		
3D Planet SpA (Italy)	FF 67,913 € 10,353	FF 484 € 74	-	-	-	-		

>>> 4.3. PERSONNEL

As of 03/31/01, Ubi Soft had 1,836 employees, which represents an 11% increase in the number of staff in one year. This relative increase is due to the incorporation of the personnel of acquired companies and the strengthening of the distribution teams.

	ON 03/31/01	ON 03/31/00	ON 03/31/99
Production	1,234	1,160	1,083
Sales/Marketing	342	214	203
Administration	260	278	188
TOTAL	1,836	1,652	1,474

Breakdown of Ubi Soft Entertainment SA staff around the world as of March 31, 2001:

COUNTRY	
Germany	81
Australia	8
Austria	4
Belgium	6
Brazil	3
Canada	338
China	266
Denmark	20
Spain	64
United States	206
France	537
Great Britain	50
Netherlands	5
Italy	76
Japan	14
Morocco	86
Norway	1
Romania	66
Sweden	5
TOTAL	1,836

The average age of employees is 28 years, and average turnover is relatively low. The Group provides a number of career development opportunities, thanks to its international growth and its openness to new fields of activity. The Group is also continuing its policy of granting stock options.

>>> 4.4. INVESTMENT POLICY AND RECENT INVESTMENTS

Since its beginnings as a publisher and distributor 15 years ago, Ubi Soft has developed into an integrated company which handles every stage of game production, from design to distribution.

Its strategy is focused on the production of high-quality video games, which are the key to generating high sales volumes.

The 2000/2001 financial year was marked by major trademark acquisitions and the consolidation of the distribution network:

- > Studios and brands: Sinister Games (United States), Grolier Interactive Ltd (Great Britain), Red Storm Entertainment (United States), Blue Byte Software (Germany) and the Entertainment division of The Learning Company (United States).
- > These operations will bring substantial synergies in terms of products, skills and geographical operations, and are part of the Group's strategy to manage its internal growth. These acquisitions will help build up the PC games line, sales of which tend to offset cycles in the console market. The PC market is growing steadily, offering new outlets with the online game market.

Investment in production

Investment in design and production reflects the growing importance of the Group's production studios around the world, in particular due to acquisitions. 130 new products were developed during the financial year.

>>> 4.5. RESEARCH POLICY

Ubi Soft endeavors to develop products which incorporate the latest technological developments in order to produce higher-quality games with a longer product life.

An important distinguishing feature of Ubi Soft is its use of game engines, a key part of interactive software. Design tools and software engines are conceived and developed in-house in dedicated structures (Ubi Studios in Paris and Ubi Simulations in Annecy), or by teams in subsidiaries in China, Canada, Romania, Italy and Morocco. The engine is the software program that makes the game work. It is what the end user executes. It consists of a set of modules (lines of code, also called objects or bricks) written in the C or C++ programming languages which are interconnected. Each module handles a game function: 3-D, behavior, mechanical features, Artificial Intelligence, sound, animation, networking, etc.

An engine's modular structure makes it possible to change a single module when its requirements or the relevant technology changes, instead of having to design a completely new tool. It is possible, for example, to adapt the 3-D module to a new 3-D graphics card.

At the same time, Ubi Soft acquired well-known trademarks to position itself on market segments with strong growth potential (strategy, role-playing, shooting, etc.).

In addition, Ubi Soft has continued to make significant investments in the creation of new games in order to ensure continued growth.

- > Investment in production over the last three financial years:

The figures are expressed in millions

2000/2001	1999/2000	1998/1999
FF 456	FF 361	FF 229
€ 69	€ 55	€ 35

Estimated investment in production for the next two financial years is:

- > between € 70 and 72 million for the 2001/2002 financial year,
- > between € 80 and 85 million for the 2002/2003 financial year.

Investment in sales

Control over distribution ensures that Ubi Soft retains local control of its products in a highly competitive environment. A direct presence on all markets is also essential for negotiating license agreements. In 2000/2001 Ubi Soft has completed its network distribution: **GameBusters** (Austria), **3D Planet SpA** (Italy), and the **Guillemot Corporation's** games distribution networks in Germany, France, Belgium, the Netherlands and Canada.



The various types of upgradeable engines created by Ubi Soft are constantly being improved and adapted to the various formats. They can be divided into four basic categories:

- > the latest (2000), REVENGE (Reusable Vehicle Engine): a new-generation modular engine for car races. REVENGE is the successor to the RAGE I and RAGE II engines, and sets new standards for display performance (ability to see more than 1 km in advance), physical vehicle behavior, fluidity, animation and Artificial Intelligence. In addition, its flexible programming can handle 32-bit graphics, compared with 8-bit for previous engines. Its Artificial Intelligence is capable of handling previously inaccessible data, such as the stress level of competitors, depending on how experienced they are (during a race a young driver may, for example, be pushed into a making mistake by putting pressure on him);
- > OpenSpace: Tonic Trouble, Rayman® 2, the Playmobil line, and in 2000/2001 for Disney's Donald Duck and Disney's Jungle Book Groove Party;
- > Rayman® 2D Platform: for the Rayman® game in 1995 and the Rayman® "youth" line;

- > GEN (multimedia application generator): designed for Tim 7 in 1995. This type of engine is used in most educational and cultural software.

Ubi Soft is working to develop products which incorporate the latest technological innovations in order to produce better-quality games with a longer product life, which translates directly into increased sales volumes. In addition, positioning itself on the latest technology raises product visibility and allows the company to take advantage of manufacturers' marketing campaigns. Finally, thanks to this technological mastery, more than 50% of the games being developed will include multi-player and online functions, which make games more interesting and therefore enhance their product life and overall success.

- > R&D costs constitute expenses for the creation of tools, and thus are fixed and depreciated over 3 years. There is no basic research. Our forecast of investment in research and development over the next two financial years is about FF 30 million.
- > The company has not applied for ISO certification (9000-9001).

>>> 4.6. GLOSSARY

Bit:

abbreviation of binary digit. Elementary unit of a quantity of information which can only have two values, generally represented by 0 or 1 (false or true). The bit is the basic element of binary information coding used in digital representation.

C:

programming language in general use, created by D Ritchie for developing the UNIX operating system and which came into wider use in the 1980s. C++ is an extension of C adapted for object-oriented programming.

CD-Rom:

abbreviation of Compact Disc Read Only Memory. A computer medium with a compact optical disc format used to store 650 MB of multimedia data and read by a laser beam.

Game console:

dedicated game computer without keyboard. Their specialization means that they are generally high-performance machines. Third-generation consoles with 128-bit processors appeared in 1999. They can be connected to the Internet for online playing and are equipped with DVD drives.

Dreamcast:

Sega game console. It has a 128-bit processor and was the first console with a built-in 56 KB modem for online play (via the Internet).

GameBoy®:

Nintendo handheld console. This was the first on the market, and years later it is still around, with its 8-bit processor and its small black-and-white screen. It has since been produced with a color screen, Game Boy Color (GBC). More than 100 million of these handheld consoles have been sold.

GameBoy® Advance:

new Nintendo handheld console with a 32-bit processor. It hit the market in March 2001 in Japan, and 700,000 units were sold in the first week. Sales in the United States and Europe began in June. According to Nintendo, 24 million units will be sold by the end of March 2002.

GameCube™:

new Nintendo console which will hit the market in September 2001 in Japan, November in the United States and March 2002 in Europe. It is targeted at 12 to 18 year-olds and will be compatible with GameBoy®Advance.

Game play:

the features included a game (scenarios, riddles, actions) to make it sufficiently interesting but not so difficult as to discourage the player.

Artificial Intelligence:

the set of techniques which allow a computer to be used to solve problems for which there is no known correct or effective algorithm, particularly form recognition (images, speech).

The Internet:

a set of interconnected computer networks which generally use a variety of physical platforms but communicate using the same protocol, particularly IP (Internet protocol).

Localization:

linguistic and cultural adaptation of software for a foreign country.

Module:

an independent part of a computer program.

Engine:

a software kernel which cannot function without a more or less independent front end. This is the heart of a game, which allows all the animations, graphics and sound to function and be used, and ensures the software's interactivity.

N64 (Nintendo 64):

64-bit game console designed by Nintendo in 1995 as part of the "new generation" (64-bit consoles).

Platform:

a unit consisting of an operating system and a computer (hardware architecture).

PlayStation®:

Sony's 32-bit game console, also called PSX, which came out in 1995. It uses CDs for games (unlike cartridge consoles).

PlayStation®2: (PS®2)

Sony game console which replaced the PlayStation. It was launched in Japan in November 1998 and in October and November 2000 in the United States and Europe respectively. It is based on a 128-bit processor called the "Emotion Engine" and a DVD-ROM drive.

Porting:

the action of porting a program, in other words adapting an application to a system different to that on which the program was originally developed (and for which it was designed), from one environment to another.

Processor:

a small silicon wafer (based on refined crystallized sand) which does all or almost all the work in a computer, particularly the calculations. It is also used to manage the flow of data in the machine, and the processor in the average computer generally contains several million transistors.

Production:

period during which the software is developed (animation of characters, integration of data into the engine, etc).

Computer program:

text written in a programming language and describing an algorithm, a set of instructions used to carry out one or more tasks, to solve a problem, or to manipulate data. The computer translates the program from the programming language into a written language with instructions that the machine can carry out based on its own machine language. More simply, the program is the expression of an algorithm in a given language for a given machine.

Internet network:

an international public information network linking a large number of local, national and international networks using common protocols, thus allowing files and messages to be transferred between different types of computers.

X-box:

Microsoft's game console, equipped with a 128-bit processor. Launch is scheduled for November 2001 in the United States and spring 2002 in Japan and Europe.

*Sources: Sciences-en-Ligne "Editions de l' Analogie", a scientific and technological terminology glossary based on the "Dictionnaire interactif des Sciences et Techniques" by P and J ROBERT. (www.sciences-en-ligne.com).
Le Jargon Français v 3.2.119, by Roland Trique (www.linux-France.org/prj/jargonf).
Ubi Soft Entertainment, 2001.*



5

OTHER INFORMATION ON THE COMPANY

>>> 5.1. PROTECTION OF TRADEMARKS

Ubi Soft programs are covered by intellectual property rights both in Europe and internationally (for France: the Institut National de la Propriété Industrielle [French Patent Office] in Paris; for Europe: the Office for Harmonization in the Internal Market; internationally: the World Intellectual Property Organization; and finally, for North America, the Patent and Trademark Office in Washington, D.C.). The Ubi Soft Group owns all its trademarks.

In addition, the software programs produced by Ubi Soft Entertainment are covered by international copyright laws.

Ubi Soft Entertainment has not filed any patents and does not depend on any particular patent.

Like all publishers of entertainment software, Ubi Soft Entertainment faces the problem of piracy. It belongs to SELL (the French trade association of entertainment software publishers) and is a private party in all software counterfeiting cases brought in France. Moreover, with regard to piracy over the Internet, the company systematically takes legal action against hackers in order to force the withdrawal of games which are on-line illegally.

>>>> 5.2. DEPENDENCE OF UBI SOFT ENTERTAINMENT ON PARTICULAR CONTRACTS - MAIN CUSTOMERS

Ubi Soft Entertainment has two types of distribution network:

- > the centralized Anglo-American model (USA, United Kingdom, Japan): the chain's buyer makes centralized purchases of the products, which the chain then distributes to its own stores;
- > the decentralized European model (Germany, France, Switzerland, Benelux, Italy, Spain): the chain makes centralized purchases of the items, but uses a distributor to deliver them to each of its stores.

> Ubi Soft's ten largest customers account for 31.9% of the Group's pre-tax sales.

> Dependence on manufacturers:

Ubi Soft, like all publishers of games for consoles, buys games cartridges and miscellaneous accessories from console manufacturers. These supplies are thus dependent on the manufacturer. There is no special dependency with regard to PC games.

>>>> 5.3. LITIGATION

So far as the company is aware, there are no particular events or disputes that are likely to have or have recently had any significant impact on the business, earnings, financial situation, or assets of Ubi Soft Entertainment and its subsidiaries.

>>>> 5.4. COMMITMENTS

The Group's management has made no firm commitments on future investments.

6

ASSETS – FINANCIAL SITUATION – RESULTS

>>> 6. I. CONSOLIDATED ACCOUNTS ON MARCH 31, 2001

6.1.1. Consolidated balance sheet on March 31, 2001

ACTIF	NOTES	03/31/01	03/31/01	03/31/01	03/31/01	03/31/99	03/31/01	03/31/00
		GROSS	AMORT/DÉPR	NET	NET	NET	NET	NET
		FF '000	FF '000	FF '000	FF '000	FF '000	€ '000	€ '000
Goodwill	I	421,449	10,298	411,151	3,973	4,230	62,680	606
Intangible assets	II	1,665,651	529,450	1,136,201	451,430	320,038	173,213	68,820
Tangible fixed assets	III	204,353	122,585	81,768	65,531	51,088	12,465	9,990
Financial assets	IV	78,991	4,115	74,876	46,422	10,112	11,415	7,077
Fixed assets		2,370,444	666,448	1,703,996	567,356	385,468	259,773	86,493
Inventory and work-in-progress	V	312,723	6,561	306,162	88,219	47,274	46,674	13,449
Advances and installments paid	VI	246,809		246,809	184,303	62,890	37,626	28,097
Trade receivables	VII	538,125	13,421	524,704	574,124	378,960	79,991	87,524
Other receivables, prepayments and deferred income*	VIII	343,220		343,220	239,757	105,323	52,323	36,551
Investment securities	IX	341,234	5,414	335,820	680,580	98,375	51,195	103,754
Cash	X	229,494		229,494	283,621	136,290	34,986	43,238
Current assets		2,011,605	25,396	1,986,209	2,050,604	829,112	302,795	312,613
Total Assets		4,382,049	691,844	3,690,205	2,617,960	1,214,580	562,568	399,106
LIABILITIES	NOTES			03/31/01	03/31/00	03/31/99	03/31/01	03/31/00
				FF'000	FF'000	FF'000	€ '000	€ '000
Capital (1)				33,818	33,157	22,459	5,156	5,055
Premiums (1)				1,701,177	1,650,207	64,451	259,343	251,573
Consolidated reserves and earnings (2)				187,357	171,040	93,448	28,562	26,075
Other (3)				1,138	322	322	173	49
Share capital (Group share)	XI			1,923,490	1,854,726	180,680	293,234	282,752
Minority interests				1,332	0	0	203	0
Provisions for risks and charges	XII			1,241	4,035	3,248	190	615
Borrowings (4)	XIII			1,137,636	344,468	702,259	173,432	52,514
Current accounts of the partners				7,787	54,977	25,779	1,187	8,381
Advances and installments received				28,649	9,552	2,225	4,367	1,456
Trade creditors and other accounts payable				363,948	215,980	202,703	55,483	32,926
Sundry creditors and accrued expenses	XIV			226,122	134,222	97,686	34,472	20,462
Total debts and accounts payable				1,764,142	759,199	1,030,652	268,941	115,739
Total Liabilities				3,690,205	2,617,960	1,214,580	562,568	399,106
(1) of the consolidated parent company								
(2) including net income for financial year				23,737	71,803	41,036	3,619	10,946
(3) including investment grants				1,138	322	322	173	49
(4) payable at less than one year:				865,389	70,113	94,105	131,928	10,689
payable at more than one year:				272,247	274,355	608,154	41,504	41,825

*including advances to related companies not consolidated by full or proportional integration at March 31, 2001: FF 23,593,000.

6.1.2. Consolidated income statement on March 31, 2001

	NOTES	03/31/01	03/31/00	03/31/99	03/31/01	03/31/00
		FF '000	FF '000	FF '000	€ '000	€ '000
Sales	I	1,704,277	1,223,538	869,682	259,815	186,527
Other operating income	II	473,397	348,754	255,236	72,169	53,167
Purchases consumed		(757,817)	(438,885)	(361,521)	(115,528)	(66,907)
Wages and social security costs		(478,523)	(333,614)	(234,591)	(72,950)	(50,859)
Other operating expenses	III	(599,705)	(455,223)	(253,603)	(91,425)	(69,398)
Tax and duty		(20,868)	(14,515)	(11,640)	(3,181)	(2,213)
Depreciation and provisions	IV	(268,725)	(240,064)	(175,324)	(40,968)	(36,598)
Earnings before interest and tax	V	52,036	89,991	88,239	7,932	13,719
Financial charges and income *	VI	(20,594)	2,831	(17,456)	(3,140)	431
Pre-tax profit of consolidated companies		31,442	92,822	70,783	4,792	14,150
Exceptional income/expense	VII	(426)	(3,761)	1,000	(64)	(573)
Corporate tax	VIII	1,977	(17,001)	(30,426)	302	(2,592)
Net profit of consolidated companies		32,993	72,060	41,357	5,030	10,985
Share of earnings of equity affiliates		0	0	0	0	0
Amortization of goodwill		(9,048)	(257)	(321)	(1,379)	(39)
Total net profit of consolidated company		23,945	71,803	41,036	3,651	10,946
Minority interests		208	0	0	32	0
Net profit (Group share)		23,737	71,803	41,036	3,619	10,946
Earnings per share		1.40	4.33		0.21	0.66
Fully diluted earnings per share (calculated using OEC opinion 27)		1.41	4.28		0.22	0.65

*including financial income for related companies not consolidated by full or proportional integration at March 31, 2001: FF 387,000

6.1.3. Consolidated funds flow statement on March 31, 2001

	03/31/01	03/31/00
	FF '000	FF '000
Flows arising from operating activities		
Net income	23,737	71,803
Depreciation of tangible and intangible fixed assets	255,840	258,440
Net amortization of goodwill write backs	9,048	247
Changes in provisions	(1,363)	3,186
Change in deferred taxation	(33,006)	(5,055)
Grants	0	(98)
Flows arising from the disposal of fixed assets	844	(22,120)
Total cash flow arising from operating activities	255,100	306,403
Increase in operating fund requirements	(95,199)	(476,951)
Decrease in non-operational requirements	29,631	24,360
Total flows	(65,568)	(452,591)
Flows arising from investments		
Acquisitions of intangible assets	(885,378)	(369,997)
Acquisitions of tangible assets	(44,775)	(53,855)
Acquisition of equity holding	(33,181)	(37,838)
Acquisition of other financial fixed assets	(2,033)	(3,990)
Charges to be spread over several years	0	(827)
Disposal of fixed assets	5,471	32,742
Proceeds from long-term loans and other financial assets	4,090	1,336
Change in consolidation structure (1)	(424,746)	
Total flows arising from investments	(1,380,552)	(432,429)
Flows arising from financial transactions		
New long-and medium-term loans	257,713	35,637
Repayments of loans	(130,034)	(338,965)
Increase in capital	662	10,698
Increase in issue premium	3,044	3,016
Increase in conversion premium	44,871	193,515
Increase in share issue premium	0	1,056,267
Increase in issue premium on shares with warrants	46	336,416
Grants received	815	0
Increase in shareholders' current accounts	0	29,200
Reimbursement of shareholders' current accounts	(47,200)	0
Other flows	2,819	1,541
Total flows arising from financial transactions	132,736	1,327,325
Impact of translation differential	(624)	(1,979)
Net cash flow	(1,058,908)	746,729
Net cash position at the beginning of the financial year	943,219	196,490
Net cash position at the end of the financial year	(115,689)	943,219
(1) including cash position of acquired companies	35,182	



6.1.4. Explanatory notes on the Consolidated Accounts

Highlights of the financial year

During the financial year, Ubi Soft Entertainment SA took over Red Storm Entertainment and Blue Byte, purchased the assets of The Learning Company and acquired a 60% holding in 3D Planet SpA. France, Germany, Belgium and the Netherlands now handle distribution of their products.

6.1.4.1. Accounting principles

The consolidated accounts were drawn up in accordance with Accounting Standards Committee Regulation 99-02 for the financial year commencing April 1, 2000. The implementation of this new regulation had no significant impact on the Group's earnings compared with previous years.

The figures in the notes and tables which follow are shown in thousands of French francs.

The preferred methods recommended by Accounting Standards Committee Regulation 99-02 were applied with the exception of the evaluation of pension commitments and similar services, due to their insignificant character.

a) Consolidation methods

Full consolidation

Companies are fully consolidated when exclusively controlled and when Ubi Soft Entertainment SA directly or indirectly holds 50% of their voting rights or at least 40% if no other shareholder holds a larger percentage.

Equity affiliates

Companies on which Ubi Soft Entertainment SA exerts considerable influence because it holds, directly or indirectly, 20 to 50% of the voting rights, are accounted for using the equity method.

As of March 31, 2001, all the companies in the Group are exclusively controlled by Ubi Soft Entertainment SA and are therefore fully consolidated.

All intra-Group transactions have eliminated for all the companies in the Group according to the applicable rules for consolidation.

All significant transactions between consolidated companies and all unrealized internal results included in the fixed assets and the stocks of consolidated companies have been eliminated.

b) Goodwill

In accordance with the regulations on consolidated accounts, this represents the difference between the acquisition price and the final assessment of the total assets and liabilities identified on the acquisition date. Goodwill is entered:

- > where appropriate, to the various balance sheet items of the acquired companies;
- > as "goodwill" on the balance sheet assets for any remaining amount.

It is amortized using the straight-line method over a maximum period of 20 years.

Goodwill is reviewed for each set of Annual Accounts in the light of changes in the net sales of the subsidiary and its contribution to the net income of the consolidated entity as a whole. Such goodwill may therefore be subject to exceptional amortization or write-down where appropriate.

c) Intangible assets

Business assets

The business assets acquired include all the intangible elements (customers, know-how) needed for the company to do business and grow. The intangible elements are obtained from the average of productivity, sales and a sector-based multiple.

Business assets are not amortized, but if they were to be valued at less than their book value a provision for depreciation would be applied.

Other intangible assets

Intangible assets include the business assets, trademarks, and office and commercial software.

Distribution trademarks are not amortized.

Office software is amortized using the straight-line method over a twelve-month period.

Software production costs are determined in accordance with the guidelines issued by the Conseil National de la Comptabilite [French National Accountancy Council] in April 1987. These costs are entered in the accounts under "intangible assets" (account no. 232) as software development progresses. From the date of their first commercial release they are transferred to "Released software programs" or "External developments" (account no. 208).

Parent software programs are amortized with effect from their commercial release date on the basis of the expected market life of the product concerned, as assessed at the account closing date.

The amortization period is between 12 and a maximum of 36 months. Net sales of the various products until the end of their market life are estimated at FF 4,221,256,000 (they came to FF 2,764,885,000 on March 31, 2000).

This sum allows the corresponding parent software programs to be amortized. The system of amortization used is the straight-line method. However, if sales are less than estimated, a supplementary amortization will be carried out. Software tools, which are a set of complex development programs that may be used for a number of products, are amortized over a maximum of 36 months using the straight-line method.

d) Tangible fixed assets

Fixed assets are shown in the Balance Sheet at their acquisition cost. Depreciation, which is calculated using rates standardized throughout the Group, is determined on the basis of the methods and periods of use set out below:

> Equipment:	5 years (straight-line)
> Fixtures and fittings:	5 and 10 years (straight-line)
> Computer equipment:	3 years (diminishing balance)
> Office furniture:	10 years (straight-line)

e) Financial fixed assets

The gross value of equity holdings corresponds to the cost of acquisition or the payment in cash for the shares of non-consolidated companies.

The value of an equity holding is reviewed at the end of each financial year on the basis of the net position of the subsidiary concerned on that date and its prospects for growth over the medium term. A provision for depreciation is made if necessary.

f) Fixed assets acquired through leasing arrangements

Significant capital assets which are financed by leasing agreements are restated in the Consolidated Accounts as if the Company had acquired the assets directly using loan finance.

g) Inventory and work-in-progress

The inventories of all Group companies are valued, after eliminating internal margins, on the basis of the cost prices determined in normal trading.

Inventory is valued using the moving-average method. The gross value of goods and supplies includes the purchase price and related expenses. Financial costs are excluded from inventory valuation in all cases.

A provision for depreciation is made where the probable net realizable value is less than the book value.

h) Advances and installments received

Licenses cover distribution and reproduction rights acquired from other publishers. The signing of licensing contracts entails the payment of guaranteed amounts, recorded in account no. 409.

However, if sales are less than estimated, supplementary amortization will be undertaken.

i) Trade receivables

Trade receivables are entered at their face value. Where applicable, a provision for depreciation may be entered according to the degree of certainty as to ultimate collection existing at the account closing date.

j) Investment securities

Investment securities consist of equity shares, investment securities and short-term investments, which are booked at their purchase price or, whenever it is lower, their market price.

k) Cash

Cash consists of cash and bank accounts.

l) Deferred taxation

Deferred taxes are entered in the income statement and the balance sheet to reflect the difference between financial years when certain expenditures and revenues are entered into the consolidated accounts and the financial years when they are used to calculate taxable revenue.

Deferred taxes are entered in the income statement and the balance sheet to reflect deficits carried forward in the year when it seems likely they will be recovered.

In accordance with the liability method of tax allocation, the effect of any changes in tax rates on deferred taxes recorded earlier is entered into the income statement for the financial year in which the changes in rates become known.

m) Conversion of items expressed in foreign currencies Conversion into French francs of transactions of French companies carried out in foreign currencies

Charges and revenue for foreign currency transactions are entered at their equivalent value on the transaction date.

Assets and liabilities are usually converted at the closing rate, with any exchange variations resulting from this conversion being recorded in the income statement.

Conversion of the financial statements of foreign subsidiaries into French francs

The assets and liabilities of foreign subsidiaries are converted at the exchange rate in force at the closure of the financial year, while the income statement is converted at the average annual rate.

n) Provisions for risks and charges

Provisions for risks and charges are made when risks and charges which relate to a clearly determined object, but which are not certain to arise, are made more likely by events which have occurred or are in progress.

o) Fully diluted earnings per share

This figure is obtained by dividing:

- > net earnings before dilution, plus the amount after tax of any savings in financial costs resulting from the conversion of the diluting instruments
- > by the average weighted number of ordinary shares in circulation plus the number of shares which will be created following the conversion of convertible instruments into shares and the exercising of rights.



6.1.4.2. Consolidation structure

a) Companies included in the Group consolidated accounts of Ubi Soft Entertainment dated 31 March 2001

COMPANIES	COUNTRY	CONSOLIDATED	CONTROLLING	METHOD	ACTIVITY	FOUNDED
		COMPANIES	PERCENTAGE			
UBI Soft Entertainment SA	France	Yes				1986
UBI Soft Entertainment Ltd	United Kingdom	Yes	100%	Full consolidation	Marketing	1989
UBI Soft Inc	USA	Yes	100%	Full consolidation	Marketing	1991
UBI Soft Entertainment GmbH	Germany	Yes	100%	Full consolidation	Marketing	1991
UBI Soft SRL	Romania	No	95%	Not consolidated	Engineering and marketing	1993
UBI Studios SA	France	Yes	100%	Full consolidation	Engineering	1994
UBI Soft SA	Spain	Yes	100%	Full consolidation	Marketing	1994
UBI Soft KK	Japan	Yes	100%	Full consolidation	Marketing	1994
UBI Pictures SARM	France	Yes	100%	Full consolidation	Graphics and computer graphics	1995
UBI Soft SpA	Italy	Yes	100%	Full consolidation	Marketing	1995
UBI Game Design SARM	France	Yes	100%	Full consolidation	Development, interactivity and ergonomics	1995
UBI Sound Studio SARM	France	Yes	100%	Full consolidation	Voice, music, sound effects	1995
UBI Books and Records SARM	France	Yes	100%	Full consolidation	Management and administration	1995
UBI Research and Development SARM	France	Yes	100%	Full consolidation	Engineering	1996
UBI Animation SARM	France	Yes	100%	Full consolidation	Animation and special effects studio	1996
UBI Simulations SARM	France	Yes	100%	Full consolidation	Engineering	1996
UBI Soft PTY Ltd	Australia	Yes	100%	Full consolidation	Marketing	1996
UBI Graphics SARM	France	Yes	100%	Full consolidation	Graphics and modeling	1996
Shanghai Ubi Computer Software Ltd	China	Yes	100%	Full consolidation	Marketing and Engineering	1996
UBI Soft France SA	France	Yes	100%	Full consolidation	Marketing	1997
UBI Soft Divertissements Inc	Canada	Yes	100%	Full consolidation	Engineering	1997
UBI Networks SARM	France	Yes	100%	Full consolidation	Internet services	1998
UBI World SA	France	Yes	100%	Full consolidation	Global marketing	1998
UBI Soft Entertainment SARM	Morocco	Yes	100%	Full consolidation	Engineering	1998
UBI Voices Inc	USA	Yes	100%	Full consolidation	Copyright management	1998
UBI Soft Entertainment Nordic AS	Denmark	Yes	100%	Full consolidation	Marketing	1998
UBI Info Design SARM	France	Yes	100%	Full consolidation	Interactive script development	1998
UBI Music Publishing Inc	Canada	Yes	100%	Full consolidation	Creation of music	1998
UBI Soft Entertainment Ltd	Hong Kong	Yes	100%	Full consolidation	Marketing	1998
UBI Soft Entertainment BV	Netherlands	Yes	100%	Full consolidation	Marketing	1998
UBI Soft Entertainment Sarl	Belgium	Yes	100%	Full consolidation	Marketing	1998
UBI Studios SL	Spain	Yes	100%	Full consolidation	Engineering	1998
UBI Studios Srl	Italy	Yes	100%	Full consolidation	Engineering	1998
UBI Soft Diffusion SA	France	Yes	100%	Full consolidation	Publishing and marketing	1998
UBI Soft Entertainment Inc	USA	Yes	100%	Full consolidation	Engineering	1998
UBI Soft Entertainment Ltda	Brazil	Yes	100%	Full consolidation	Marketing	1999
UBI Productions France SARM	France	Yes	100%	Full consolidation	Engineering	1999
UBI World Studios Sarl	France	Yes	100%	Full consolidation	Studio management	1999
UBI Computer Software Beijing Company LTD	China	Yes	100%	Full consolidation	Engineering	1999
UBI Soft Publishing OEM Inc	Canada	Yes	100%	Full consolidation	Software distribution	1999
UBI Studios KK	Japan	Yes	100%	Full consolidation	Engineering	1999
UBI Soft Entertainment Sweden AB	Sweden	Yes	100%	Full consolidation	Marketing	1999
UBI Color Sarl	France	Yes	100%	Full consolidation	Graphic design	1999
UBI Marketing Research Sarl	France	Yes	100%	Full consolidation	Market research	1999
UBI Digital Movies INC	Canada	No	100%	Not consolidated	Creation of digital images	1999
UBI Music INC	Canada	Yes	100%	Full consolidation	Creation of music	1999
UBI Ventures SA	France	Yes	100%	Full consolidation	Acquisitions	2000
UBI Studios Ltd	United Kingdom	Yes	100%	Full consolidation	Engineering	2000
GameBusters GmbH	Austria	Yes	100%	Full consolidation	Marketing	2000
UBI Soft Edutainment SA	France	Yes	100%	Full consolidation	Creation	2000
Ludimedia SA	France	Yes	100%	Full consolidation	Design and scenarios	2000
Ludi Factory SARM	France	Yes	100%	Full consolidation	Graphics and localization studio	2000
Sinister Games Inc	USA	Yes	100%	Full consolidation	Creation and animation	2000
UBI EMEA SARM	France	Yes	100%	Full consolidation	Marketing	2000
UBI Soft Holdings Inc	USA	Yes	100%	Full consolidation	Management and administration	2000
Red Storm Entertainment	USA	Yes	100%	Full consolidation	Creation and animation	2000
3D Planet SPA	Italy	Yes	60%	Full consolidation	Marketing	2000
UBI Administration SARM	France	Yes	100%	Full consolidation	Management and administration	2000
UBI Soft Canada Inc	Canada	No	100%	Not consolidated	Marketing	2000
Blue Byte Software Inc	USA	Yes	100%	Full consolidation	Creation and animation	2001
Blue Byte Software Ltd	United Kingdom	Yes	100%	Full consolidation	Marketing	2001
Blue Byte Software GmbH CO.KG	Germany	Yes	100%	Full consolidation	Marketing	2001

The financial year of all consolidated companies ends on March 31. For companies in which a majority stake is held, the thresholds of significance are set at:

- > FF 500,000 for “the balance sheet total” in the case of production companies;
- > FF 2,000,000 for the “sales” figure in the case of distribution companies.

b) Change in consolidation structure

New companies added to the consolidation structure on March 31, 2001:

UBI SOFT ENTERTAINMENT SARL	incorporation date: December 1997 (1)
UBI VOICES INC	incorporation date: February 1998 (2)
UBI MUSIC PUBLISHING INC	incorporation date: June 1998 (2)
UBI SOFT PUBLISHING OEM INC	incorporation date: January 1999 (2)
UBI STUDIOS KK	incorporation date: April 1999 (2)
UBI SOFT ENTERTAINMENT SWEDEN AB	incorporation date: June 1999 (2)
UBI MUSIC INC	incorporation date: June 1999 (2)
GAMEBUSTERS GMBH	incorporation date: March 2000
UBI EMEA SARL	incorporation date: June 2000
UBI ADMINISTRATION SARL	incorporation date: September 2000
UBI SOFT HOLDINGS INC	incorporation date: September 2000
RED STORM ENTERTAINMENT	acquisition date: September 2000
UBI SOFT EDUTAINMENT SA	takeover date: September 2000
LUDIMEDIA SA	takeover date: September 2000
LUDI FACTORY SARL	takeover date: September 2000
SINISTER GAMES INC	acquisition date: March 2000
3D PLANET SPA	acquisition date: September 2000
BLUE BYTE SOFTWARE INC	acquisition date: February 2001
BLUE BYTE SOFTWARE LTD	acquisition date: February 2001
BLUE BYTE SOFTWARE GMBH CO.KG	acquisition date: February 2001

Company not previously consolidated due to:

- (1) the timescale for drawing up accounts. This year the accounts of this company were submitted within the deadline required for sending consolidated accounts to the Statutory Auditors;
- (2) its insignificant impact. This year these companies exceeded the thresholds of significance set by the Group.

> Financing of companies being consolidated:

In the case of Ubi Soft Edutainment, Ubi Soft increased its holdings by FF 5 million (cash financing), which increased its percentage share from 9 to 85%.

Ludimedia and Ludi Factory are subsidiaries of Ubi Soft Edutainment and thus are now held indirectly by Ubi Soft.

Ubi Soft Entertainment used cash financing for Blue Byte, Red Storm and 3D Planet.



6.1.4.3. Notes on the balance sheet

>>> I. GOODWILL

Goodwill breaks down as follows as of March 31, 2001:

ACQUIRED COMPANY	ACQUISITION	ON 03/31/00	INCREASE	DECREASE	ON 03/31/01
IN '000 FRENCH FRANCS	DATE	GROSS			GROSS
UBI Studios SA	02.02.96	104	-	-	104
UBI Pictures SARL	02.02.96	504	-	-	504
Ubi Soft Inc	02.02.96	1,984	-	-	1,984
Ubi Soft Entertainment Ltd	12.31.94	1,547	-	-	1,547
Ubi Soft Entertainment GmbH	08.01.95	1,003	-	-	1,003
Sinister Games Inc	03.31.00	-	31,847	-	31,847
3D Planet SpA	09.30.00	-	15,460	-	15,460
Blue Byte Software Ltd	02.06.01	-	7,100	-	7,100
Blue Byte Software GmbH CO.KG	02.06.01	-	47,418	-	47,418
Blue Byte Software Inc	02.06.01	-	86,418	-	86,418
Red Storm Entertainment	09.28.00	-	228,064	-	228,064
TOTAL		5,142	416,307	-	421,449

The increase in goodwill reflects the Group's policy on external growth.

Goodwill is reviewed for each set of Annual Accounts in the light of changes in the net sales of a subsidiary and its contribution to the net income of the consolidated entity as a whole. Such goodwill may therefore be subject to exceptional amortization or write-down, where applicable.

ACQUIRED COMPANY	ON 03/31/00	APPROPRIATION	ADJUSTMENT	ON 03/31/01
IN '000 FRENCH FRANCS	DEPRECIATION		DIFFERENCE	DEPRECIATION
UBI Studios SA	21	6	-	27
UBI Pictures SARL	104	26	-	130
Ubi Soft Inc	422	99	-	521
Ubi Soft Entertainment Ltd	388	76	-	464
Ubi Soft Entertainment GmbH	234	50	-	284
Sinister Games Inc	-	1,593	-	1,593
3D Planet SPA	-	387	-	387
Blue Byte Software Ltd	-	59	-	59
Blue Byte Software GmbH CO.KG	-	395	-	395
Blue Byte Software Inc	-	695	25	720
Red Storm Entertainment	-	5,662	56	5,718
TOTAL	1,169	9,048	81	10,298

Goodwill is amortized over 20 years.

>>> II. INTANGIBLE FIXED ASSETS

a) Commercial software

Commercial software breaks down as follows as of March 31, 2001:

TANGIBLE FIXED ASSETS (IN '000 FRENCH FRANCS)	ON 03/31/00		CHANGE IN CONSOLIDATION			ON 03/31/01
	GROSS	INCREASE	DECREASE	STRUCTURE	GROSS	
Released parent software programs	375,292	487,225 *	161,887	32,507	733,137	
External developments	-	59,790 **	28,005	1,654	33,439	
Software in progress	224,756	204,853	-	-	429,609	
Software tools	113,559	27,038	14,961	-	125,636	
Other licenses	6,776	1,157	1,926	541	6,548	
Office software	10,891	8,184	34	2,852	21,893	
Miscellaneous	4,139	702	4,139	-	702	
Other	2,087	408	505	55	2,045	
TOTAL	737,500	789,357	211,457	37,609	1,353,009	

* including FF 112 million for reclassification of accounts to the accounts

** including FF 7.3 million for reclassification of accounts to the accounts

DEPRECIATION (IN '000 FRENCH FRANCS)	ON 03/31/00		CHANGE IN CONSOLIDATION			ON 03/31/01
	CUMULATIVE	INCREASE	DECREASE	STRUCTURE	CUMULATIVE	
Released software programs	214,799	190,077	4,627	18,411	418,660	
External developments	-	13,521	-	1,654	15,175	
Software tools	56,757	31,085	12,004	-	75,838	
Other licenses	6,186	869	1,926	499	5,628	
Office software	7,544	3,645	16	1,700	12,873	
Other	784	499	15	8	1,276	
TOTAL	286,070	239,696	18,588	22,272	529,450	

- > released software programs: software developed in-house and marketed
- > external developments: software developed in collaboration with third parties and marketed
- > software programs in progress: in-house and external developments not yet released on the market. The increase represents software which was in progress as of March 31, 2001.
- > software tools: these consist of a set of complex development programs that may be used for a number of products.

All software currently being marketed is amortized over a maximum of 3 years as of March 31, 2001.

b) Business assets

During the 2000/2001 financial year, Ubi Soft strengthened its distribution network by taking over the Guillemot Corporation's software distribution in Germany, France, the Netherlands and Belgium. Ubi Soft also acquired a new direct distribution operation in Austria (GameBusters). This acquisition gives Ubi Soft a direct presence in Austria, which had previously been covered by the German subsidiary.

With its acquisition in the United States of the Entertainment division of TLC, Ubi Soft now markets directly PC in the largest US retail chains, including Wal-Mart.



Business assets break down as follows as of March 31, 2001:

	ON 03/31/00			ON 03/31/01	
(IN '000 FRENCH FRANCS)	CUMULATIVE	INCREASE	DECREASE	CUMULATIVE	
France	-	74,400	-	74,400	
United States	-	172,525	-	172,525	
Germany	-	44,673	-	44,673	
Belgium	-	10,206	-	10,206	
Netherlands	-	7,501	-	7,501	
Austria	-	3,337	-	3,337	
TOTAL	-	312,642	-	312,642	

These business assets do not derive from the purchase of companies; they are business assets acquired on their own.

Business assets are not amortized in the Ubi Soft Entertainment SA corporate accounts, but if they were to be valued at less than their book value, a provision for amortization would be made.

In order to monitor shifts in the value of assets, we have set up a value monitoring system based on activity and profitability criteria (sales, net earnings) so that the value of the assets concerned can be evaluated at the end of each financial year. At the time of acquisition, the assessment method used was based on the sales made in the countries concerned. The very short interval (about 3 weeks) between the date of acquisition of the business assets in the United States (beginning of March) and the account closing date made it rather difficult to set appropriate profitability criteria, so the criteria

for the US will be defined and applied at the next account closing date.

If the business assets were to be valued at less than their book value, a provision for amortization would be applied, or an exceptional amortization would be applied if the loss in value proved to be permanent.

As of March 31, 2001, Ubi Soft had expanded its sales by 86% in Germany, 20% in Belgium, 26% in the Netherlands, 38% in France, and so on. In view of the growth in the sales and profitability of the companies, no provision was made in the accounts on March 31, 2001.

The accounting procedures used for the consolidated accounts are consistent with those used for the parent company accounts.

>>> III. TANGIBLE FIXED ASSETS

Tangible fixed assets break down as follows:

TANGIBLE FIXED ASSETS	ON 03/31/00			CHANGE IN	
	(IN '000 FRENCH FRANCS)	GROSS	INCREASE	DECREASE	CONSOLIDATION STRUCTURE
Plant & machinery	19,759	9,680	1,726	4,255	31,968
Computer equipment and furniture	89,208	33,441	8,634	22,473	136,488
Transport equipment	459	21	-	379	859
Leased computer hardware	31,026	4,968	1,142	186	35,038
Fixed assets in progress	435	-	435	-	-
TOTAL	140,887	48,110	11,937	27,293	204,353

DEPRECIATION	ON 03/31/00			CHANGE IN	
	(IN '000 FRENCH FRANCS)	CUMULATIVE	INCREASE	DECREASE	CONSOLIDATION STRUCTURE
Plant & machinery	7,418	3,245	36	1,922	12,549
Computer equipment and furniture	44,082	30,578	4,062	9,248	79,846
Transport equipment	160	81	-	218	459
Leased computer hardware	23,696	6,933	911	13	29,731
TOTAL	75,356	40,837	5,009	11,401	122,585

>>> IV. FINANCIAL ASSETS

TANGIBLE	ON 03/31/00	INCREASE	DECREASE	CHANGE IN	ON 03/31/01
FIXED ASSETS	CONSOLIDATION				
(IN '000 FRENCH FRANCS)	STRUCTURE				
Non-consolidated companies (gross values)	40,576	33,181	3,020	100	70,837
Other fixed investments	25	-	-	-	25
Deposits and guarantees	5,821	2,082	2,139	2,365	8,129
TOTAL	46,422	35,263	5,159	2,465	78,991

PROVISIONS	ON 03/31/00	INCREASE	DECREASE	ON 03/31/01
(IN '000 FRENCH FRANCS)	CUMULATIVE			CUMULATIVE
Equity investments	-	4,115	-	4,115
TOTAL	-	4,115	-	4,115

Percentage holdings in non-consolidated companies:

COMPANY	VALUE OF SHARES	PERCENTAGE OF
(IN '000 FRENCH FRANCS)	ACQUISITION	HOLDINGS
Ubi Soft SRL	5,243	99.35%
Ubi Digital Movies Inc	4	100%
Ubi Soft Canada Inc	5	100%
Ludigames SA	12,050	20%
GameLoft.com SA	20,000	15.12%
Yacom	4,235	12%
Ludopia Interactive SA	7,216	19.8%
Chman	20,001	20%
Cybersearch	976	ns
GameLoft.com Ltda	7	1%
Students-life.com	1,000	13.61%
UMP SARL	100	84.83%
TOTAL	70,837	

Companies on which the Group does not exert any significant influence are not included in the consolidation structure. The companies concerned are Ludigames SA, Gameloft.com SA, Yacom, Ludopia, Chman, Cybersearch, Gameloft.com Ltda and Students-Life.com.

Other companies were excluded from the consolidation structure for the following reasons: their timescales for drawing up accounts were incompatible with the deadlines for submitting the consolidated accounts to the Statutory Auditors (Ubi Soft SRL, Ubi Soft Canada Inc), or they were in the process of being wound up (Ubi Digital Movies Inc, UMP SARL).

>>> V. INVENTORY AND WORK-IN-PROGRESS

Inventory and work-in-progress break down as follows:

	ON 03/31/01		ON 03/31/00	
	GROSS	PROVISION	NET	NET
Goods	312,723	6,561	306,162	88,219
TOTAL	312,723	6,561	306,162	88,219

The increase in inventory as of March 31, 2001 is closely linked to the acquisition of companies during the year (Red Storm, Blue Byte, TLC), to the growth in business and to the releasing of products early in 2001/2002.



Inventory is depreciated according to the age of the platform. Old-generation console products are provisioned in the amount of 25% for the Nintendo 64 and 5% for Dreamcast.

The level of provisions for inventory is due to the lower prices for old-generation consoles, for which there is no risk of becoming obsolete.

>>> VI. ADVANCES AND INSTALLMENTS PAID

These are essentially guaranteed advances paid on licensing contracts totaling FF 237,301 thousand.

These advances are taken to earnings in proportion to sales made of the licensed products.

>>> VII. TRADE RECEIVABLES

Trade and other receivables break down as follows:

(IN '000 FRENCH FRANCS)	03/31/01		03/31/00	
	GROSS	PROVISIONS	NET	NET
Trade receivables	538,125	13,421	524,704	574,124
TOTAL	538,125	13,421	524,704	574,124

>>> VIII. OTHER RECEIVABLES, PREPAYMENTS AND DEFERRED INCOME

Other receivables, prepayments and deferred income break down as follows:

(IN '000 FRENCH FRANCS)	03/31/01	03/31/00
Deferred tax on assets	53,522	4,744
Deferred tax on assets, consolidation adjustments (1)	13,053	5,254
Current account advances	101,035	55,542
VAT	35,414	9,738
Other tax and social security liabilities	105,234	56,279
Credits receivable from suppliers	3,372	9,367
Suppliers - debit balances	9,490	16,640
Other	1,965	62,856
Prepaid expenses	15,744	10,438
Charges to be spread over several financial years	3,081	4,759
Translation differentials	97	2,830
Redemption premium (2)	1,213	1,310
TOTAL	341,185	239,757

All receivables have a maturity of less than one year.

(1) including:

Leasing	1,140
Margin on inventory	7,137
Elimination of intercompany transactions	221
Elimination of internal results	4,555

(2) The original amount of the premium taken to assets is FF 13,624,000.

This premium is amortized over the term of the loan, i.e. FF 3,000,000 as of March 31, 2001.

Furthermore, the conversion of 18,705 bonds during the past year and 107,584 bonds during the previous year has reduced the redemption premium by FF 9,411,000.

>>> IX. INVESTMENT SECURITIES

Investment securities break down as follows:

NATURE	GROSS VALUE	NET VALUE
(IN '000 FRENCH FRANCS)		
Equity shares	142,199	140,955
Investment funds	199,035	194,865
TOTAL	341,234	335,820

NATURE	NUMBER	AV. PRICE	AV. PRICE	GROSS VALUE	PROVISION	NET VALUE	PERCENTAGE OF
		FF	EURO				
Equity shares	605,480	232.8	35.49	142,199	1,244	140,955	3.5%

>>> X. CASH

The "Cash" account showed a balance of cash and bank accounts of FF 229,494,000 on March 31, 2001, compared with FF 283,621,000 on 31, March 2000.

>>> XI. SHARE CAPITAL

Capital

On March 31, 2001, Ubi Soft Entertainment SA's capital consisted of 16,909,122 shares with a face value of FF 2 each, i.e. FF 33,818,244.

Change in share capital

					OTHER		
	CONSOLIDATED				TRANSLATION	GRANTS	TOTAL
	CAPITAL	PREMIUMS	RESERVES	INCOME	DIFFERENTIAL	RECEIVED	SHARE
Situation at March 31, 2000	33,156	1,653,919	157,473		9,855	323	1,854,726
Change in capital of the consolidating company	662	47,258					47,920
Consolidated income (Group share)				23,737			23,737
Change in translation differentials					(3,797)		(3,797)
Grants received						815	815
Other movements			89				89
Situation on March 31, 2001	33,818	1,701,177	157,562	23,737	6,058	1,138	1,923,490

Number of Ubi Soft Entertainment shares

On 04/01/2000	16,578,368
Exercised options	78,934
Bond conversion	251,630
Share subscription warrants exercised	190
On 03/31/01	16,909,122

Share subscription warrants

1999 share warrants:

Initial number of warrants 372,058 > 2 warrants needed to subscribe a share of face value FF 10
 Issue price: € 136 (FF 892.10)
 Strike period: from November 3, 1999 to November 2, 2002
 Strike price: € 170 (FF 1,115.13)

> As of March 31, 2001, 340,542 warrants had still not been exercised.



March 12, 2001 share warrants

Number and face value:	53,266 > 1 warrant needed to subscribe a share of face value FF 2
Issue price:	€ 0.01 (FF 0.07)
Strike period:	from December 28, 2001 to March 11, 2006
Strike price:	€ 40.288 (FF 264.27)

> As of March 31, 2001, no warrants had been exercised.

March 19, 2001 share warrants

Number and face value:	9,044 > 1 warrant needed to subscribe a share of face value FF 2
Issue price:	€ 0.01 (FF 0.07)
Strike period:	from March 19, 2002 to March 18, 2006
Strike price:	€ 32.072 (FF 210.38)

> As of March 31, 2001, no warrants had been exercised.

Stock options

The capital increases and issue premiums during the past financial year were partly driven by the exercising of stock options. For the record, the exercise conditions of the stock option plans are as follows:

	1 ST PLAN	2 ND PLAN	3 RD PLAN	4 TH PLAN	5 TH PLAN
Initial number of shares	250,000	250,000	250,000	40,471	400,000
Face value	FF 2	FF 2	FF 2	FF 2	FF 2
Subscription price	FF 36	FF 79.40	FF 133.80	FF 249	FF 226.37
Date of validity	06/15/96	04/22/97	10/23/98	12/08/00	04/09/01
	On 06/15/2001	On 04/22/2002	On 10/23/2003	On 12/08/2005	On 04/09/2006
Options not exercised as of March 31, 2001	58,851	246,250	246,905	40,471	

>>> XII. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges break down as follows:

	ON 03/31/00	INCREASE	APPROPRIATION	WRITE-DOWNS	ON 03/31/01
Provisions for currency losses	2,829	270	58	3,061	96
Negative goodwill	1,206	-	-	61	1,145
TOTAL	4,035	270	58	3,122	1,241

The negative goodwill was connected with the acquisition of Ubi Studios Ltd on February 1, 2000.

As a precaution, it was decided to spread this difference over the same duration as the amortization of positive goodwill, i.e. 20 years.

>>> XIII. FINANCIAL DEBTS

Financial debts break down as follows:

(IN '000 FRENCH FRANCS)	03/31/01	03/31/00
Bond debentures	192,030	238,929
Borrowings from credit institutions	243,418	68,004
Accrued interest	7,243	6,235
Advances in foreign currencies	461,358	2,750
Bank overdrafts	225,059	18,233
Borrowings resulting from restatement of leases	8,280	10,069
Advances by the State	248	248
Borrowings	1,137,636	344,468

	< 1 YEAR	> 1 YEAR AND < 5 YEARS	> 5 YEARS
Maturities outstanding on 03/31/01	865,389	272,247	-

The Group's fixed rate and floating debts amounted to FF 212,979,000 and FF 924,657,000 respectively. The leasing agreements primarily cover IT hardware, and are for a period of no more than 3 years. Overdrafts are used to finance temporary cash requirements generated by changes in working capital requirements. At closure of the 2000/2001 financial year, net borrowings were FF 572,074,000.

(IN '000 FF)	03/31/01	03/31/00
Financial debts State advances	1,137,388	344,220
Cash	(229,494)	(283,621)
Investment securities	(335,820)	(680,580)
Net financial debts	572,074	(619,981)

The breakdown of financial debts by currency is as follows:

	03/31/01
FRENCH FRANCS	701,878
EUROS	40,995
US DOLLARS	361,064
DEUTSCHE MARK	23,021
ITALIAN LIRA	6,196
AUSTRIAN SCHILLING	2,096
SPANISH PESETA	2,089
POUND STERLING	297
FINANCIAL DEBTS	1,137,636

Chief characteristics of the first convertible bond issue:

Number and face value:	167,000 bonds with a face value of FF 600
Issue price:	FF 600 per bond
Due date and settlement day:	October 10, 1997
Term of bond:	5 years and 173 days
Annual yield:	2% per year, or FF 12 per bond, payable on April 1 of each year starting April 1 1998
Gross redemption yield:	4.26% on October 10 1997
Normal redemption:	redeemed in full by April 1 2003 by redemption at a price of FF 681.58 or 113.6% of the issue price

> 126,289 bonds were converted, 18,705 during this year. 40,711 remain to be exercised.

> This loan will be repaid early, from May 21 to August 20 2001.

Chief characteristics of the second convertible bond issue:

Number and face value:	314,815 bonds with a face value of FF 1,080
Issue price:	FF 1,080 per bond
Due date and settlement day:	July 16, 1998
Term of bond:	7 years
Annual yield:	3.80% per year, or FF 41.04 per bond, payable on July 16 of each year
Gross redemption yield:	3.80% on July 16, 1998
Normal redemption:	redeemed in full by July 16, 2005 by redemption at a price of FF 1,080 or 100% of the issue price

> 162,702 bonds were converted, 31,621 during this year. 152,113 bonds remain to be exercised.



>>> XIV. SUNDRY CREDITORS AND ACCRUED EXPENSES

Sundry creditors and accrued expenses break down as follows:

(IN '000 FF)	03/31/01	03/31/00
Social security liabilities	53,171	35,741
Tax liabilities	92,389	34,466
Other debts	53,778	41,975
Deferred income	29,821	22,040
TOTAL	229,159	134,222

6.1.4.4. Notes on the income statement

>>> I. SALES

Breakdown of sales by geographical area:

	FF '000	%
GERMANY	228,842	13%
GB	223,337	13%
SCANDINAVIA	96,019	6%
ITALY	86,127	5%
FRANCE	400,968	24%
OTHER EUROPEAN COUNTRIES	119,690	7%
USA	455,272	27%
REST OF THE WORLD	94,022	5%
TOTAL	1,704,277	100%

Breakdown of sales by activity:

	FF '000	%
DISTRIBUTION	55,560	3%
DEVELOPMENT	1,120,562	66%
PUBLISHING	528,155	31%
TOTAL	1,704,277	100%

>>> II. OTHER OPERATING INCOME

Other operating income breaks down as follows:

(IN '000 FF)	03/31/01	03/31/00
Capitalized production costs	398,315	298,837
Production subsidies	46,532	41,407
Write-back of provisions	20,094	4,852
Transfer of expenses	5,407	1,339
Other income	3,049	2,319
TOTAL	473,397	348,754

>>> III. OTHER OPERATING EXPENSES

Other operating expenses break down as follows:

(IN '000 FF)	03/31/01	03/31/00
Other external expenses	596,131	453,430
Other expenses	3,574	1,793
TOTAL	599,705	455,223

Other external expenses consisted mainly of advertising expenses, royalties, and the rental of property and movables, which represented 2/3 of the total.

>>> IV. DEPRECIATION AND PROVISIONS

Depreciation and provisions break down as follows:

(IN '000 FF)	03/31/01	03/31/00
Depreciation of fixed assets	255,793	233,233
Provisions for current assets	12,932	6,831
TOTAL	268,725	240,064

>>> V. OPERATING INCOME

The fall in operating income from FF 90 million on March 31, 2000 to FF 52 million on March 31, 2001 essentially reflects:

- > a higher proportion of GameBoy Color sales, which have a lower margin (impact on gross margin of FF 63 million);
- > price pressure on PSX games (lower prices due to the release of PS2, impact on gross margin of FF 7 million);
- > a significant downturn for the first half-year on old-generation consoles (N64 and Dreamcast, impact on gross margin of FF 32 million).

>>> VI. FINANCIAL INCOME

Net financial income breaks down as follows:

(IN '000 FF)	03/31/01	03/31/00
Conversion differentials	19,255	14,392
Conversion differential for assets N	(3,265)	0
Conversion differential for liabilities N	+7,613	+12,703
Conversion differential for liabilities N-1	(12,703)	0
Interests and revenue from sales of assets	(25,696)	(23,081)
Net depreciation	(5,798)	(1,183)
Total financial income	(20,594)	2,831

The conversion differential caused by using the historic cost method is not significant.

The total conversion differential taken to share capital amounts to FF -3.8 million.

This total essentially reflects the fall in dollar values between the historic value and the closing rate on March 31, 2001.

Currency risk:

In order to hold down the Group's foreign exchange risks, Ubi Soft Entertainment covers currency risks in several ways:

- > when the parent company loans foreign currency to its subsidiaries, it also takes out a loan in the same currency. Thus if the exchange rate rises or falls, any gain or loss on the loan is offset by a gain or loss on the parent company's loan in the opposite direction.
- > In the case of risks on currency sales associated with commercial transactions, these are either automatically offset for the year by other transactions in the opposite direction (purchases of goods in a foreign currency offset by royalty payments by subsidiaries in the same currency) or covered by forward sales contracts.



>>> VII. EXCEPTIONAL INCOME/EXPENSE

Exceptional income breaks down as follows:

(IN '000 FF)	03/31/01	03/31/00
Exceptional income from management transactions	465	(758)
Exceptional income from capital transactions	(844)	22,219
Depreciation and provisions	(47)	(25,222)
Total net exceptional income	(426)	(3,761)

As of March 31, 2001, net exceptional income was generated by the sale of Game Service to GameLoft.com SA and divestment of trademark utilization rights to Ludi Wap SA, as well as exceptional depreciation of intangible fixed assets connected with projects abandoned during the financial year.

As of March 31, 2001, net exceptional income included the total income of companies which were controlled previously, and which were incorporated into the consolidation structure during the financial year.

>>> VIII. CORPORATE TAX

Corporate tax breaks down as follows:

(IN '000 FF)	03/31/01	03/31/00
CURRENT TAX	31,029	22,056
DEFERRED TAX	(33,006)	(5,055)
TOTAL	(1,977)	17,001

Tax payable by French companies was calculated at the rate in force on March 31, 2001, i.e. 33.33% plus 6% and, where appropriate, the contribution of 3.3%:

(IN '000 FF)	03/31/01
DEFERRED TAX ASSETS	53,522
DEFERRED TAX LIABILITIES	13,960

Breakdown of deferred taxes by main category:

(IN '000 FF)	03/31/01
LEASING	22
REALIZABLE AND LIQUID ASSETS	(36,751)
MARGIN ON INVENTORY	(6,695)
ELIMINATION OF INTERCOMPANY TRANSACTIONS	(160)
ELIMINATION OF INTERNAL RESULTS	(1,082)
STANDARDIZATION	9,840
ELIMINATION OF SECURITIES	1,820
TOTAL	(33,006)

Reconciliation of taxation rates:

(IN '000 FF)	03/31/01
PRE-TAX EARNINGS, EXCLUDING GOODWILL	31,016
THEORETICAL TAX 35.33%	10,958
CAPITALIZATION OF LIQUID ASSETS:	
UBI STUDIOS LTD : 16.706 * X 30%	(5,012)
IMPACT OF TAX RATE DIFFERENCE FOR SUBSIDIARIES:	
UBI SOFT INC : - 45.878 X (41,76% - 35,33%)*	(2,950)
UBI SHANGHAI: TAX EXEMPTION 6.101 X (35,33% - 0%)*	(2,156)
OTHER SUBSIDIARIES	(2,817)
TOTAL	(1 977)

* Positive impact, given that the company was in deficit

Deferred tax credits recorded/not recorded:

(IN FF MILLION)	DTC RECORDED	DTC NOT RECORDED	TOTAL
Ubi Soft Inc	19	0	19
Ubi Soft Entertainment SA	20	0	20
Ludimedia SA	3	7	10
Ubi Studios Ltd	5	25	30
Other	6	0	6
TOTAL	53	32	85

Total deferred tax credits not booked as of March 31, 2001:

> Ubi Studios Ltd : FF 25 million

As a precaution, and given the size of the deferred tax credits, it was decided to use 1/6 of the tax credits, i.e. FF 100 million/6 x 30% = FF 5 million.

The business plan drawn up confirms that this was a wise move, because the potential credits amount to FF 11.9 million over the next 3 financial years, and in particular because this tax credit can be carried forward indefinitely.

> Ludimedia SA : FF 7 million.

>>> IX. PRO FORMA ACCOUNTS

INCOME STATEMENT	FF '000	FF '000
	PRO FORMA	CONSOLIDATED
	03/31/01	03/31/01
Sales	1,860,595	1,704,277
Other operating income	570,135	473,397
Purchases consumed	(805,720)	(757,817)
Wages and social security costs	(532,103)	(478,523)
Other operating expenses	(770,804)	(599,705)
Tax and duty	(21,810)	(20,868)
Depreciation and provisions	(287,348)	(268,725)
Earnings before interest and tax	12,945	52,036
Financial charges and income	(22,892)	(20,594)
Current earnings of consolidated companies	(9,947)	31,442
Extraordinary charges and income	(596)	(426)
Corporate tax	6,649	1,977
Net profit of consolidated companies	(3,894)	32,993
Share of earnings of equity affiliates	0	0
Amortization of goodwill	(17,699)	(9,048)
Total net income of consolidated company	(21,593)	23,945
Minority interests	234	208
Net profit (Group share)	(21,827)	23,737



ASSETS	PRO FORMA	CONSOLIDATED
Net values	FF '000	FF '000
	03/31/01	03/31/01
Goodwill	361,360	411,151
Intangible assets	1,239,122	1,136,201
Tangible fixed assets	81,768	81,768
Financial assets	74,876	74,876
	Fixed assets	1,703,996
Inventory and work-in-progress	306,162	306,162
Advances and installments paid	246,809	246,809
Trade receivables	524,704	524,704
Other receivables, prepayments and deferred income	343,784	343,220
Investment securities	335,820	335,820
Cash	229,494	229,494
	Current assets	1,986,209
Total Assets	3,743,899	3,690,205

LIABILITIES	PRO FORMA	CONSOLIDATED
	FF '000	FF '000
	03/31/01	03/31/01
Capital (1)	33,818	33,818
Premiums (1)	1,701,177	1,701,177
Consolidated reserves and earnings (2)	241,001	187,357
Other (3)	1,138	1,138
Share capital (Group share)	1,977,134	1,923,490
Minority interests	1,382	1,332
Provisions for risks and charges	1,241	1,241
Borrowings (4)	1,137,636	1,137,636
Current accounts of the partners	7,787	7,787
Advances and installments received	28,649	28,649
Trade creditors and other accounts payable	363,948	363,948
Other debts & deferred income	226,122	226,122
Total debts	1,764,142	1,764,142
Total Liabilities	3,743,899	3,690,205

(1) of the consolidating parent company

(2) net income for financial year

(3) including investment grants

(4) payable at less than one year:

payable at more than one year:

These pro forma accounts were drawn up by incorporating the results of the subsidiaries acquired this year during the period April 1, 2000 to March 31, 2001 and in accordance with the Group's consolidated accounting principles. We have also amortized the goodwill over 12 months.

The variation in the "goodwill" item is due to the existence of FF 40 million in ongoing projects in the Red Storm pro forma accounts. Goodwill for this company was reduced by the same amount. The FF 40 million were recorded as intangible fixed assets.

The total amount of goodwill thus came to a gross figure of FF 391 million, of which FF 17.8 million was amortized over the financial year. This reclassification affected games which were under development as of March 31, 2001, which will be amortized for 2001/2002 over their maximum period of 3 years.

The companies concerned are:

COMPANY	DATE OF ENTRY INTO THE PRO FORMA ACCOUNTS STRUCTURE	DATE OF ENTRY INTO THE CONSOLIDATED ACCOUNTS STRUCTURE
Red Storm Entertainment	April 2000	September 2000
Ubi Soft SA	April 2000	September 2000
Ludimedia SA	April 2000	September 2000
Ludi Factory SARL	April 2000	September 2000
3D Planet SpA	April 2000	September 2000
Blue Byte Software INC	April 2000	February 2001
Blue Byte Software LTD	April 2000	February 2001
Blue Byte Software GmbH CO.KG	April 2000	February 2001

>>> X. MISCELLANEOUS INFORMATION

1. Off-balance sheet commitments

Guarantees given:	FF 4,718,000
Collateral for loans:	none
Guarantees received:	none

Leasing:

INITIAL VALUE	DEPRECIATION	NET VALUE	PAYMENTS MADE	PAYMENTS REMAINING		RESIDUAL VALUE
				TO BE MADE		
(IN '000 FF)				- 1 YEAR	+ 1 YEAR	
33,543	29,078	4,465	6,721	4,826	3,007	321

The leasing agreements primarily cover IT hardware, and are for a period of no more than 3 years.

Discounted bills not due: FF 8,843,000

Retirement gratuities: because of the average age of the staff, retirement commitments are insignificant.

Various products are marketed under licensing agreements signed by Ubi Soft Entertainment SA. As of March 31, 2001, the commitments accepted by the company provided for the payment of guaranteed minimum royalties.

At the closure of the financial year, commitments by virtue of this guaranteed minimum amounted to FF 307 million.

2. Directors' remuneration

Total gross remuneration paid out during the financial year by the company and its subsidiaries to directors came to FF 2,546,000. No attendance fees were paid.

6.1.4.5. Other information

>>> I. PERSONNEL

As of March 31, 2001, employee numbers break down as follows:

EUROPE	849
ASIA	280
CANADA	338
USA	206
MOROCCO	86
ROMANIA	66
AUSTRALIA	8
BRAZIL	3
TOTAL	1,836



>>> II. EVENTS AFTER CLOSURE OF ACCOUNTS

No events likely to have an impact on the financial statements have occurred since closure.

>>> III. IMPACT OF TRANSITION TO THE EURO

Companies in the euro area made the transition to the euro on April 1, 2001, the first day of the 2001/2002 financial year (with the exception of France, which is scheduled for October 1, 2001).

The consequences of this operation have been assessed, and there will be no significant financial impact on the next financial year.

REPORT BY THE STATUTORY AUDITORS

CONSOLIDATED ACCOUNTS - FINANCIAL YEAR ENDING MARCH 31, 2001

Dear Sir or Madam:

Pursuant to the assignment vested in us by your General Meeting, we have audited the consolidated accounts of UBI Soft Entertainment SA for the financial year to March 31, 2001, as appended to this report.

The consolidated accounts were given final approval by the Board of Directors on September 12, 2001, following strict application of the provisions governing the handling of deferred taxes set out in Regulation 99-02 of the CRC. Tax savings generated by loss-making subsidiaries were thus corrected in the amount of 0.9 million euros, with no change in income before interest and tax or pre-tax profit. It is our responsibility to express an opinion of these accounts based on our audit.

We conducted our audit in accordance with accepted professional standards. These standards require due diligence in order to ascertain with reasonable certainty that the consolidated accounts contain no material anomalies. An audit consists of the examination, on a sampling basis, of evidence relevant to the amounts and to the disclosures made in the financial statements. It also involves an assessment of the accounting principles applied, of the significant estimates made in the preparation of the financial statements and of their overall presentation. It is our view that the audit we have carried out forms a true and fair basis for the opinion expressed below.

We hereby certify that the financial statements give a true and fair view of the results obtained for the period in question and of the financial situation and assets of the consolidated corporate entity at the end of the accounting period.

We have also verified the information on the Group given in the management report. We have no comments to make on the accuracy of this information or its consistency with the consolidated accounts.

Rennes and Paris, September 13, 2001
BY THE STATUTORY AUDITORS

CABINET ANDRÉ MÉTAYER
André Métayer

COMPAGNIE CONSULAIRE D'EXPERTISE COMPTABLE J. DELQUIÉ
Jean Delquié / Benoît Fléchon

>>> 6.2. CORPORATE ACCOUNTS ON MARCH 31, 2001

6.2.1. Balance sheet on March 31, 2001

ASSETS	03/31/01		03/31/00		03/31/99		03/31/01		03/31/00	
	GROSS		AMORT/DEP		NET		NET		NET	
	FF '000	FF '000	FF '000	FF '000	FF '000	FF '000	€ '000	€ '000	€ '000	€ '000
Intangible assets	1,303,332	487,696	815,636	451,754	318,114		124,343	68,870		
Goodwill	242,978	-	242,978	-	-		37,042	-		
Tangible fixed assets	36,058	20,167	15,891	12,971	11,548		2,423	1,977		
Financial assets	1,083,190	16,253	1,066,937	731,099	41,574		162,653	111,455		
Fixed assets	2,665,558	524,116	2,141,442	1,195,824	371,236		326,461	182,302		
Inventory and work-in-progress	124,838	3,712	121,126	66,109	37,086		18,465	10,078		
Advances and installments paid	238,707		238,707	160,493	61,995		36,391	24,467		
Trade receivables	458,792	3,440	455,352	450,492	299,626		69,418	68,677		
Other receivables	528,959	793	528,166	344,723	126,377		80,518	52,553		
Investment securities	63,401	1,244	62,157	89,904	98,375		9,476	13,706		
Cash	85,977		85,977	153,307	104,729		13,107	23,371		
Current assets	1,500,674	9,189	1,491,485	1,265,028	728,188		227,375	192,852		
Redemption premium	1,213		1,213	1,310	8,922		185	200		
Accrued expenses	17,107		17,107	10,085	13,427		2,608	1,538		
Total Assets	4,184,552	533,305	3,651,247	2,472,247	1,121,773		556,629	376,892		
LIABILITIES										
			03/31/01	03/31/00	03/31/99		03/31/01	03/31/00		
Capital			33,818	33,157	22,459		5,156	5,055		
Premiums			1,701,177	1,650,207	64,451		259,343	251,573		
Reserves			81,971	65,336	37,890		12,496	9,960		
Earnings			(55,160)	20,347	27,700		(8,409)	3,102		
Net investment grants			1,138	323	322		173	49		
Equity capital			1,762,944	1,769,370	152,822		268,759	269,739		
Provisions for risks and charges			3,265	2,766	2,859		498	422		
Bond debentures			192,030	238,929	442,023		29,275	36,424		
Debts (1) (2)			903,983	75,825	237,970		137,811	11,559		
Miscellaneous financial debts (3)			325,393	55,227	26,027		49,606	8,419		
Trade creditors and other accounts payable			243,718	171,389	170,694		37,154	26,128		
Tax and social security liabilities			3,576	3,857	11,223		545	588		
Debts on fixed assets			156,116	118,288	57,765		23,800	18,033		
Other debts			52,609	23,893	17,403		8,020	3,643		
Total debts			1,877,425	687,408	963,105		286,211	104,794		
Accrued expenses			7,613	12,703	2,987		1,161	1,937		
Total Liabilities			3,651,247	2,472,247	1,121,773		556,629	376,892		
(1) payable at less than one year			827,155	44,325	78,071		126,099	6,757		
payable at more than one year			76,828	31,500	159,899		11,712	4,802		
(2) current bank credit facilities and credit balances			214,470	6,720	36,251		32,696	1,024		
(3) including current accounts			325,393	55,227	26,027		49,606	8,419		



6.2.2. Income statement on March 31, 2001

	FINANCIAL YEAR			FINANCIAL YEAR	
	03/31/01	03/31/00	03/31/99	03/31/01	03/31/00
	FF '000	FF '000	FF '000	€ '000	€ '000
Production in financial year	1,059,175	828,143	674,944	161,470	126,250
Other operating income and costs transferred	42,361	29,055	10,983	6,458	4,429
Total operating income	1,101,536	857,198	685,927	167,928	130,679
Purchases consumed	637,048	403,135	314,313	97,117	61,458
Changes in inventory	(56,674)	(28,828)	(4,592)	(8,640)	(4,395)
Other purchases and external charges	335,990	239,833	154,191	51,221	36,562
Tax and duty	4,145	3,679	2,569	632	561
Wages and social security costs	566	2,141	10,073	87	326
Other costs	966	299	70	147	46
Depreciation and provisions	218,605	208,077	149,260	33,326	31,721
Total operating expenses	1,140,646	828,336	625,884	173,890	126,279
Earnings before interest and tax	(39,110)	28,862	60,043	(5,962)	4,400
Financial income from equity holdings	0	0	1	0	0
Income from other securities and claims on fixed assets	151	508	1,141	23	77
Other interest and related income (1)	19,356	7,766	3,695	2,951	1,184
Write-back of provisions	5,492	3,076	1,726	837	469
Unrealized exchange gains	122,618	47,448	18,301	18,693	7,234
Net proceeds from sales of transferable securities	512	481	1,366	78	73
Total financial proceeds	148,129	59,279	26,230	22,582	9,037
Appropriations to provisions	19,307	8,869	6,299	2,943	1,352
Other interest and related expenses (2)	42,332	24,050	18,425	6,454	3,666
Unrealized exchange losses	102,286	32,317	15,124	15,593	4,927
Total financial expenses	163,925	65,236	39,848	24,990	9,945
Net financial income/expense	(15,796)	(5,957)	(13,618)	(2,408)	(908)
Operating income less net financial income/expense	(54,906)	22,905	46,425	(8,370)	3,492
Exceptional income/expense	(254)	(2,558)	1,987	(39)	(390)
Income before tax	(55,160)	20,347	48,412	(8,409)	3,102
Corporate tax	0	0	20,712	0	0
Net income for financial year	(55,160)	20,347	27,700	(8,409)	3,102
(1) including revenue from affiliated companies	16,625	6,720	2,346	2,534	1,024
(2) including expenses from affiliated companies	4,034	-	-	615	-

6.2.3. Consolidated funds flow statement on March 31, 2001

(FF '000)	
Flows arising from operating activities	
Net profit	(55,160)
Depreciation of tangible and intangible fixed assets	213,408
Changes in provisions	16,319
Flows arising from the disposal of fixed assets	255
Total cash flow arising from operating activities	174,822
Increase in operating fund requirements	(234,273)
Decrease in non-operational requirements	38,836
Total flows	(195,437)
Flows arising from investments	
Acquisitions of intangible assets	(810,636)
Acquisitions of tangible assets	(12,206)
Acquisition of equity holding	(350,539)
Acquisition of other financial fixed assets	(396)
Charges to be spread over several years	(3,565)
Disposal of fixed assets	45
Proceeds from long-term loans and other financial assets	2,830
Total flows arising from investments	(1,174,467)
Flows arising from financial transactions	
New long- and medium-term loans	115,286
Increase in capital	662
Increase in issue premium	3,044
Increase in conversion premium	44,871
Increase in issue premium on shares with warrants	46
Increase in current accounts of the shareholders	270,166
Grants received	815
Total flows arising from financial transactions	434,890
Net cash flow	(760,192)
Net cash position at the beginning of the financial year	233,742
Net cash position at the end of the financial year	(526,450)



6.2.4. Explanatory notes on the Corporate Accounts

The following notes and tables, in which figures are shown in thousands of French francs, are an integral part of the annual accounts for the year ending March 31, 2001, and form an annex to the balance sheet (before distribution of earnings), which totaled FF 3.65 billion, and to the income statement, which showed a loss of FF 55.16 million. The financial year covered a period of 12 months from April 1, 2000 to March 31, 2001.

The Board of Directors approved the Corporate Accounts on July 5, 2001.

Highlights of the financial year

Since January 2001, Ubi Soft Entertainment SA has handled the distribution of its products in France.

During the financial year, Ubi Soft Entertainment SA took over Red Storm Entertainment and Blue Byte, purchased the assets of Entertainment division of The Learning Company and acquired a 60% holding in 3D Planet SpA.

6.2.4.1. Accounting principles

General accounting conventions were applied in compliance with the principle of conservatism and the following fundamental criteria:

- > continuity;
- > consistency of accounting methods from one financial year to the next;
- > time-period concept;
- > and compliance with the general rules governing the drawing up and the presentation of annual financial statements.

The historical cost principle was applied as the basic method for the valuation of items shown in the accounts.

6.2.4.2. Accounting rules and methods

Business assets

The business assets acquired include all the intangible elements (customer base, know-how) needed for the company to do business and grow. The intangible elements are obtained from the average of productivity, sales and a sector-based multiple.

If the business assets were to be valued at less than their book value, a provision for amortization would be applied.

Intangible assets

These mainly consist of software design expenses, i.e.:

- > commercial software programs which are in production or being marketed;

- > software tools.

These assets are amortized over the following periods:

- > commercial software programs: 3 years maximum;
- > software tools: 3 years.

Software production costs are determined in accordance with the guidelines issued by the Conseil National de la Comptabilité [French National Accountancy Council] in April 1987. These costs are entered in the accounts under "intangible assets" (account no. 232) as software development progresses. From the date of their first commercial release they are transferred to the "Released software programs" or "External developments" (account no. 208).

Parent software programs are amortized with effect from their commercial release date on the basis of the expected market life of the product concerned, as assessed at the account closing date. The amortization period is between 12 and a maximum of 36 months. Net pre-tax sales of the various products until the end of their market life are estimated at FF 4,221,256,000 (they came to FF 2,764,885,000 on 31 March 2000). This sum allows the corresponding parent software programs to be amortized. The system of amortization used is the straight-line method. However, if sales are less than estimated, a supplementary amortization will be carried out. Software tools, which are a set of complex development programs that may be used for a number of products, are amortized over a maximum of 36 months using the straight-line method.

Tangible fixed assets

These are shown at historical cost. The depreciation rates applied are as follows:

> Equipment:	5 years (straight-line)
> Fixtures and fittings:	5 and 10 years (straight-line)
> Computer equipment:	3 years (diminishing balance)
> Office furniture:	10 years (straight-line)

Financial fixed assets

Equity holdings are valued at their historical cost, excluding acquisition fees. If the book value is lower than the gross value at the end of the year, a provision for depreciation is made to cover the difference. The value of an equity holding is reviewed at the end of each financial year on the basis of the net position of the subsidiary concerned on that date and its prospects for growth over the medium term.

Inventory

Inventories are valued on the basis of cost prices based on normal trading, using the weighted average cost method. The gross value of goods and supplies includes purchase price and related expenses. Financial costs are excluded from inventory valuation in all cases. A provision for depreciation is made where the probable net realizable value is less than the book value.

Trade receivables

These are valued at their face value. Where applicable, receivables may be depreciated by way of a provision when their inventory value is less than their book value.

Conversion of accounts payable and receivable expressed in foreign currencies

These were converted at the rates applicable on March 31, 2001. Any resulting unrealized exchange gains or losses are shown in the Balance Sheet under a specific heading. A provision for exchange

risk is made in the accounts if conversion reveals the existence of underlying losses.

Provisions for risks and charges

Provisions for risks and charges are made when risks and charges which relate to a clearly determined object, but which are not certain to arise, are made more likely by events which have occurred or are in progress.

As of March 31, 2001, provisions for risks and charges covered the exchange risks relating to discounting of claims and debts denominated in foreign currencies.

6.2.4.3. Explanatory notes on the Balance Sheet

>>> I. INTANGIBLE ASSETS

Intangible assets break down as follows:

Tangible fixed assets

	ON 03/31/00	INCREASE	DECREASE	ON 03/31/01
(IN '000 FF)	GROSS			GROSS
Released software	386,140	487,736*	161,887	711,989
External developments	-	59,790**	28,005	31,785
Software programs in progress	224,756	204,853	-	429,609
Software tools	113,559	27,038	14,961	125,636
Other licenses	5,820	319	1,926	4,213
Other	-	100	-	100
TOTAL	730,275	779,836	206,779	1,303,332

* including FF 112 million for reclassification of accounts to the accounts

** including FF 7.3 million for reclassification of accounts to the accounts

Depreciation

	ON 03/31/00	INCREASE	DECREASE	ON 03/31/01
(IN '000 FF)	CUMULATIVE			CUMULATIVE
Released software	216,453	183,038	4,627	394,864
External developments	-	13,521	-	13,521
Software tools	56,757	31,085	12,004	75,838
Other licenses	5,311	88	1,926	3,473
TOTAL	278,521	227,732	18,557	487,696

>>> 2. BUSINESS ASSETS

NATURE	ON 03/31/01
DISTRIBUTION IN FRANCE	74,400
TLC	168,578
TOTAL	242,978



>>> 3. TANGIBLE FIXED ASSETS

Tangible fixed assets break down as follows:

Tangible fixed assets

	ON 03/31/00			ON 03/31/01
(IN '000 FF)	GROSS	INCREASE	DECREASE	GROSS
Fittings	7,470	3,646	-	11,116
Transport equipment	50	1	-	51
Computer equipment and furniture	17,184	8,559	852	24,891
TOTAL	24,704	12,206	852	36,058

Depreciation

	ON 03/31/00			ON 03/31/01
(IN '000 FF)	CUMULATIVE	INCREASE	DECREASE	CUMULATIVE
Fittings	3,221	913	-	4,134
Transport equipment	50	1	-	51
Computer equipment and furniture	8,462	8,372	852	15,982
TOTAL	11,733	9,286	852	20,167

>>> 4. FINANCIAL ASSETS

Financial assets break down as follows:

Tangible fixed assets

	GROSS	INCREASE	DECREASE	GROSS
(IN '000 FF)	ON 03/31/00			ON 03/31/01
Equity holdings	733,338	350,539	2,251	1,081,626
Other fixed investments	25	-	-	25
Deposits and guarantees	2,022	366	849	1,539
TOTAL	735,385	350,905	3,100	1,083,190

The increase in equity holdings is mainly due to the acquisition of Red Storm for FF 177,997,000, Sinister Games for FF 36,430,000, 3D Planet for FF 16,901,000 and Blue Byte for FF 87,200,000.

Provisions

	ON 03/31/00	INCREASE	DECREASE	ON 03/31/01
(IN '000 FF)	CUMULATIVE			CUMULATIVE
Equity holdings	4,286	13,349	1,382	16,253
TOTAL	4,286	13,349	1,382	16,253

Provisions essentially relate to Ubi Soft Inc shares for FF 7,602,000, Ubi Soft SRL (Romania) for FF 3,369,000 and GameBusters for FF 1,714,000.

>>> 5. INVENTORY AND WORK-IN-PROGRESS

Inventory and work-in-progress break down as follows:

	ON 03/31/01			ON 03/31/00
(IN '000 FF)	GROSS	PROVISIONS	NET	NET
Goods	124,838	3,712	121,126	66,109
TOTAL	124,838	3,712	121,126	66,109

The increase in inventory is linked to the growth in business and the releasing of products during the last month of the financial year.

>>> 6. ADVANCES AND INSTALLMENTS PAID

These are primarily guaranteed advances paid on licensing contracts totaling FF 237,301,000. These advances are taken to earnings in proportion to sales made of the licensed products.

>>> 7. TRADE RECEIVABLES

Trade and other receivables break down as follows:

IN '000 FF	ON 03/31/01			ON 03/31/00
	GROSS	PROVISIONS	NET	NET
Trade receivables	458,792	3,440	455,352	450,492
TOTAL	458,792	3,440	455,352	450,492

The stability of this item reflects shorter payment times by our customers.

>>> 8. STATEMENT OF CLAIMS AND DEBTS

STATEMENT OF CLAIMS	GROSS AMOUNT	< YEAR	> YEAR
Claims on fixed assets			
Other financial assets	1,539		1,539
Claims on current assets			
Doubtful debts	5,530		5,530
Trade receivables	453,263	453,263	
State (VAT credit, other)	32,066	32,066	
Group and partners	462,256	462,256	
Advances and installments	238,707	238,707	
Other debtors	34,636	34,636	
Prepaid expenses	8,285	8,285	
TOTAL	1,236,282	1,229,213	7,069
STATEMENT OF DEBTS	GROSS AMOUNT	< YEAR	> YEAR
Convertible bond debentures	192,030		192,030
Borrowings of maximum 1 year on inception	903,983	827,155	76,828
Trade payables	243,718	243,718	
Tax and social security liabilities	3,576	3,576	
Other debts	52,609	52,609	
Debts on fixed assets	156,116	156,116	
Group and partners	325,393	325,393	
TOTAL	1,877,425	1,608,567	268,858
Borrowings taken out during the year	229,833		
Borrowings repaid during the year	115,941		
Debt taken out from individuals	7,780		

>>> 9. INCOME RECEIVABLE

CREDITS RECEIVABLE FROM SUPPLIERS	10,722
PRODUCTS NOT YET BILLED	9,947
INTEREST RECEIVABLE	203
TOTAL (FF '000)	20,872

>>> 10. INVESTMENT SECURITIES

Investment securities are booked at acquisition cost. At the closure any capital losses are provisioned.

NATURE	NUMBER	AV. PRICE	GROSS VALUE	PROVISION	NET VALUE	PERCENTAGE OF
		FF	(FF '000)	(FF '000)	(FF '000)	CAPITAL
Equity shares	267,000	232.8	63,401	1,244	62,157	1.5%



>>> 11. CHARGES TO BE SPREAD OVER SEVERAL YEARS

The "Charges to be spread over several years" item consists of the costs of convertible bond debentures, amortized over the term of the bond, plus the costs of acquiring fixed assets, amortized over three years.

>>> 12. SHARE CAPITAL

	CAPITAL INCREASE				BALANCE ON		
	APPROPRIATION		IN CASH AND		PROPOSED	03/31/01 AFTER	
	BALANCE ON	OF FY 99/00	BY BOND	EARNINGS	BALANCE ON	OF FY 00/01	APPROPRIATION
(FF '000)	03/31/00	EARNINGS	CONVERSION	00/01	03/31/01	EARNINGS	EARNINGS
Capital	33,157		661		33,818		33,818
Issue premium	1,650,207	3,712	47,258		1,701,177		1,701,177
Legal reserves	2,246	1,070			3,316		3,316
Regulated reserves	126	1,435			1,561		1,561
Other reserves	62,964	14,130			77,094	(55,160)	21,934
Earnings	20,347	(20,347)		(55,160)	(55,160)	55,160	-
Investment grants	323		815		1,138		1,138
TOTAL	1,769,370	0	48,734	(55,160)	1,762,944	0	1,762,944

New shares**1999 share warrants**

Initial number of warrants: 372,058 > 2 warrants needed to subscribe a share of face value FF 10
 Issue price: € 136 (FF 892.10)
 Strike period: from 3 November 1999, to November 2, 2002
 Strike price: € 170 (FF 1,115.13)

> As of March 31, 2001, 340,542 warrants had still not been exercised.

March 12, 2001 share warrants

Number and face value: 53,266 > 1 warrant needed to subscribe a share of face value FF 2
 Issue price: € 0.01 (FF 0.07)
 Strike period: from 28 December, 2001 to March 11, 2006
 Strike price: € 40.288 (FF 264.27)

> As of March 31, 2001, no warrants had been exercised.

March 19, 2001 share warrants

Number and face value: 9,044 > 1 warrant needed to subscribe a share of face value FF 2
 Issue price: € 0.01 (FF 0.07)
 Strike period: from March 19, 2002 to March 18, 2006
 Strike price: € 32.072 (FF 210.38)

> As of March 31, 2001, no warrants had been exercised.

Number of Ubi Soft Entertainment shares

ON 04/01/2000	16,578,368
EXERCISED OPTIONS	78,934
BOND CONVERSION	251,630
SHARE SUBSCRIPTION WARRANTS EXERCISED	190
ON 03/31/01	16,909,122

On March 31, 2001, the share capital consisted of 16,909,122 shares with a face value of FF 2, i.e. FF 33,818,244.

The capital increases and issue premiums during the past financial year were partly driven by the exercise of stock options. For the record, the exercise conditions of the stock option plans are as follows:

	1 ST PLAN	2 ND PLAN	3 RD PLAN	4 TH PLAN	5 TH PLAN
Initial number of shares	250,000	250,000	250,000	40,471	400,000
Face value	FF 2	FF 2	FF 2	FF 2	FF 2
Subscription price	FF 36	FF 79.40	FF 133.80	FF 249	FF 226.37
Date of validity	06/15/96 to 06/15/2001	04/22/97 to 04/22/2002	10/23/98 to 10/23/2003	08/12/00 to 08/12/2005	04/09/01 to 04/09/2006
Options still not exercised as of March 31, 2001	58,851	246,250	246,905	40,471	

>>> 13. PAYABLES

Interest on borrowings from credit institutions	5,162
Bank charges payable	2,046
Total borrowings & financial debts	7,208
Trade payables, invoices not yet received	75,563
Credits to be issued	36,798
Tax and social security liabilities	2,293
TOTAL	121,862

>>> 14. ITEMS RELATING TO AFFILIATED COMPANIES

CURRENT ASSETS	IN '000 FF
Equity investments	1,044,324
Trade receivables	370,123
Other receivables	419,476
ACCOUNTS PAYABLE	IN '000 FF
Miscellaneous borrowings & financial debts	317,366
Trade creditors and other accounts payable	60,617
Debts on fixed assets	97,307
Other debts	25,054
Financial income	16,625
Financial charges	4,034

>>> 15. PROVISIONS ON THE BALANCE SHEET

	ON 04/01/00	YEAR PROVISIONS	YEAR REVERSALS	ON 03/31/01
Provisions for risks				
For currency risks	2,766	3,265	2,766	3,265
Provisions for depreciation				
Of equity investments	4,286	13,349	1,382	16,253
Of inventory	2,055	3,686	2,029	3,712
Of trade receivables	2,591	1,512	663	3,440
Of other receivables	0	793	0	793
Of investment securities	0	1,244	0	1,244
Total	8,932	20,584	4,074	25,442
Total	11,698	23,849	6,840	28,707



>>> 16. FINANCIAL DEBTS

Financial Debts break down as follows:

IN '000 FF	03/31/01	31/03/00
Bond debentures	192,030	238,929
Borrowings from credit institutions	220,947	60,156
Accrued interest	7,208	6,200
Advances in foreign currencies	461,358	2,749
Bank overdrafts	214,470	6,720
Advances by the State	248	248
Financial Debts	1,096,261	315,002

	< 1 YEAR	> 1 YEAR AND < 5 YEARS	> 5 YEARS
Maturities still payable on 03/31/01	827,403	268,858	-

The breakdown of financial debts by currency is as follows:

IN '000 FF	03/31/01
FRENCH FRANCS	694,548
EUROS	40,995
US DOLLARS	360,706
POUND STERLING	12
BORROWINGS	1,096,261

The company has made two convertible bond issues with the following characteristics:

Chief characteristics of the first convertible bond issue:

Number and face value:	167,000 bonds with a face value of FF 600
Issue price:	FF 600 per bond
Due date and settlement day:	October 10, 1997
Term of bond:	5 years and 173 days
Annual yield:	2% per year, or FF 12 per bond, payable on April 1 of each year starting April 1, 1998
Gross redemption yield:	4.26% on October 10, 1997
Normal redemption:	redeemed in full by April 1, 2003 by redemption at a price of FF 681.58, or 113.6% of the issue price

> 126,289 bonds were converted, 18,705 during this year. 40,711 remain to be exercised.

> This loan will be repaid early, from May 21 to August 20, 2001.

Chief characteristics of the second convertible bond issue:

Number and face value:	314,815 bonds with a face value of FF 1,080
Issue price:	FF 1,080 per bond
Due date and settlement day:	July 16, 1998
Term of bond:	7 years
Annual yield:	3.80% per year, or FF 41.04 per bond, payable on July 16 of each year
Gross redemption yield:	3.80% on July 16, 1998
Normal redemption:	amortized in full by July 16, 2005 by redemption at a price of FF 1,080, or 100% of the issue price

> 162,702 bonds were converted, 31,621 during this year. 152,113 remain to be exercised.

6.2.4.4. Notes on the Income Statement

>>> SALES

The breakdown of sales in percentage terms, as of March 31, 2001, is as follows:

DISTRIBUTION	11%
DEVELOPMENT	52%
PUBLISHING	37%
TOTAL	100%

>>> DEPRECIATION AND PROVISIONS

Depreciation and provisions break down as follows:

(IN '000 FF)	03/31/01	03/31/00
Depreciation of intangible assets	203,775	199,593
Depreciation of tangible assets	9,286	5,321
Costs to be carried forward	347	-
Provisions	5,197	3,163
TOTAL	218,605	208,077

>>> NET FINANCIAL INCOME/EXPENSE

Net financial income breaks down as follows:

(IN '000 FF)	03/31/01	03/31/00
Financial income:		
Financial income from equity holdings	0	0
Income from other securities and claims on fixed assets	151	508
Other interest and related income	19,356	7,766
Write-back of provisions	5,492	3,076
Unrealized exchange gains	122,618	47,448
Net proceeds from sales of investment securities	512	481
	148,129	59,279
Financial charges:		
Appropriations to provisions	19,307	8,869
Other interest and related expenses	42,332	24,050
Unrealized exchange losses	102,286	32,317
	163,925	65,236
Net financial income/expense	(15,796)	(5,957)

>>> EXCEPTIONAL INCOME/EXPENSE

Exceptional income breaks down as follows:

(IN '000 FF)	03/31/01	03/31/00
Exceptional income:		
Exceptional income from management transactions	2	305
Exceptional income from capital transactions	45	32,098
	47	32,403
Exceptional charges:		
Exceptional charges from management transactions	1	44
Exceptional charges from capital transactions	300	9,809
Depreciation and provisions	0	25,108
	301	34,961
Total exceptional income/expense	(254)	(2,558)

As of March 31, 2001, net exceptional income was generated by the sale of Game Service to



GameLoft.com SA and divestment of trademark utilization rights to Ludi Wap SA, as well as exceptional depreciation of intangible fixed assets connected with projects abandoned during the financial year.

>>> CORPORATE TAX

(IN '000 FF)	03/31/01	03/31/00
Current income before tax	(54,906)	22,905
Exceptional income/expense	(254)	(2,558)
Income before tax	(55,160)	20,347
TAX BASE	(51,223)	(6,811)

6.2.4.5 Other Information

>>> 1. PERSONNEL

As of March 31, 2001, the work force consisted of 5 executives.

>>> 2. FINANCIAL COMMITMENTS AND OTHER INFORMATION

Guarantees given:	FF 4,718,000
Collateral for loans:	none
Guaranteed received:	none

Leasing (in thousands of French francs):

INITIAL VALUE	DEPRECIATION	NET VALUE	PAYMENTS MADE	PAYMENTS REMAINING		RESIDUAL VALUE
				- 1 YEAR	+ 1 YEAR	
(IN '000 FF)						
33,801	29,167	4,634	6,697	4,757	2,923	319

Leased assets consist primarily of IT hardware.

Discounted bills not due: FF 8,843,000

Retirement gratuities: because of the average age of the staff, retirement commitments are insignificant.

Various products are marketed under licensing agreements signed by Ubi Soft Entertainment SA. As of March 31, 2001, the commitments accepted by the company provided for the payment of guaranteed minimum royalties.

At the closure of the financial year, commitments by virtue of this guaranteed minimum amounted to FF 307 million.

Next year, the reductions (increases: none) in future tax liability will be as follows:

> organic	154,000
> exchange rate fluctuations	2,690,000
	FF 2,844,000

>>> DIRECTORS' REMUNERATION

Directors' remuneration during the 2000/2001 financial year came to FF 1,086,000.

>>> 4. SUBSIDIARIES AND AFFILIATED COMPANIES ON MARCH 31, 2001

	RESERVES					LOANS						
	AND		BOOK VALUE			AND		TOTAL				
	AMOUNTS		OF			ADVANCES		COLLATERAL				
	CARRIED	SHARE OF	ADVANCES	GRANTED BY	AND		NET INCOME					
	FORWARD	EQUITY	SECURITIES	THE COMPANY	GUARANTEES	FOR LAST						
	BEFORE	CAPITAL	HELD	AND NOT YET	PROVIDED BY	NET SALES	COMPLETE	DIVIDENDS				
COUNTRY	CURRENCY	CAPITAL	ALLOCATION	HELD	REPAID	THE COMPANY	(EXCL. TAX)	YEAR	COLLECTED			
Detailed information on subsidiaries and interests whose book value exceeds 1%												
SUBSIDIARIES - AT LEAST 50% OF CAPITAL HELD		currency '000	currency '000		Gross FF '000	Net	currency '000	currency '000	currency '000			
UBI Soft Entertainment GmbH	Germany	DM	3,250	1,099	100 %	12,459	12,459	0	0	76,208	3,987	0
UBI SOFT ENTERTAINMENT INC	USA	Dollar	28,137	0	100%	216,112	216,112	14,900	0	0	0	0
SINISTER GAMES INC	USA	Dollar	86	102	100%	36,429	36,429	0	0	2,73	694	0
3D PLANET SpA	Italy	Lira	1,000,002	202,837	60%	16,901	16,901	1,800,000	0	20,055,017	142,877	0
BLUE BYTE SOFTWARE GMBH CO.KG	Germany	DM	3,025	(4,866)	100%	46,574	46,574	3,700	0	11,220	4,639	0
UBI Ventures SA	France	Franc	655,957	526	100%	655,957	655,957	0	0	139	7,348	0
Other subsidiaries												
French subsidiaries						9,587	8,786					
Foreign subsidiaries						55,557	40,105					
CAPITAL HOLDINGS OF BETWEEN 10 AND 50%												
French interests						32,050	32,050					
GENERAL TOTAL						1,081,626	1,065,373					

6.2.5. Financial table (Article 135 of the Decree of March 23, 1967)

FINANCIAL YEAR	96/97	97/98	98/99	99/00	00/01
Share capital (FF)	22,231,180	22,243,430	22,458,530	33,156,736	33,818,244
Ordinary shares outstanding	2,223,118	2,224,343	2,245,853	16,578,368 ⁽¹⁾	16,909,122
Preferred shares outstanding	-	-	-	-	-
Maximum number of shares that may be created	49,182	264,957	608,262	2,698,235 ⁽¹⁾	2,870,262
by bond conversion	-	167,000	464,503	1,215,750	964,120
by exercise of stock options	49,182	97,957	143,759	630,940	992,477
by exercise of warrants	-	-	-	851,545	913,665
Sales (FF '000)	301,177	532,908	674,944	828,143	1,059,175
Pre-tax income, profit sharing, appropriation (FF '000)	63,586	105,185	199,950	234,912	174,821
Corporate tax (FF '000)	7,027	12,978	20,712	-	-
Employee profit-sharing	-	-	-	-	-
Income after tax, profit-sharing, appropriations (FF '000)	15,842	15,636	27,700	20,347	-55,160
Distributed earnings	-	-	-	-	-
Net earnings per share before appropriations (FF)	25.44	41.45	79.81	14.17	10.34
Net earnings per share after tax and appropriations (FF)	7.13	7.03	12.33	1.23	-3.26
Dividend per share	0	0	0	0	0
Average workforce	48	44	25	5	5
Payroll (FF '000)	12,252	11,975	7,374	1,576	430
Social security contributions and welfare benefits (FF '000)	5,386	4,907	2,699	565	137

⁽¹⁾ 5-for-1 stock split

REPORT BY THE STATUTORY AUDITORS
FINANCIAL YEAR ENDING MARCH 31, 2001

Dear Sir or Madam:

Pursuant to the assignment vested in us by your General Meetings, we hereby present our report on the financial year ended March 31, 2001 concerning:

the examination of the UBI Soft Entertainment SA annual accounts, as appended to this report, including the specific checks and information required by law.

The annual accounts have been prepared by the Board of Directors. It is our task to express an opinion on these accounts in the light of our audit.

I. OPINION ON THE ANNUAL ACCOUNTS

We conducted our audit in accordance with accepted professional standards. These standards require due diligence in order to ascertain with reasonable certainty that the annual accounts contain no material anomalies. An audit consists of the examination, on a sampling basis, of evidence relevant to the amounts and to the disclosures made in the financial statements. It also involves an assessment of the accounting principles applied, of the significant estimates made in the preparation of the financial statements and of their overall presentation. It is our view that the audit we have carried out forms a true and fair basis for the opinion expressed below.

We hereby certify that the financial statements, which have been drawn up in accordance with the current accounting rules and principles in France, give a true and fair view of the results obtained for the period in question and of the financial situation and assets of the Company at the end of this accounting period.

II - SPECIFIC CHECKS AND INFORMATION

In accordance with accepted professional standards, we have also carried out the specific checks required by law.

We have no comments to make concerning the accuracy of the information given in the Board of Directors' report, or in the documents sent to shareholders concerning the financial situation and annual accounts, or their consistency with the annual accounts.

In accordance with the law, we have satisfied ourselves that the various notices relating to acquisition of equity holdings and control and to the identity of the holders of share capital were given to you in the management report.

Rennes and Paris, August 21, 2001
BY THE STATUTORY AUDITORS

CABINET ANDRÉ MÉTAYER
André Métayer

COMPAGNIE CONSULAIRE D'EXPERTISE COMPTABLE J. DELQUIÉ
Jean Delquié / Benoît Fléchon



SPECIAL STATUTORY AUDITORS' REPORT ON REGULATED AGREEMENTS

FINANCIAL YEAR ENDING MARCH 31, 2001

Dear Sir or Madam:

In our capacity as the Statutory Auditors of your company, we hereby present our report on regulated agreements.

Pursuant to Article L.225-40 of the Commercial Code, we have been advised of the agreements for which prior authorization was given by your Board of Directors.

It is not our responsibility to look for other agreements that may exist, but to inform you, on the basis of the information given to us, of the essential features and details of the agreements of which we have been advised, but without passing judgment on their usefulness and validity.

According to the provisions of Article 92 of the decree of March 23, 1967, it is your responsibility to assess whether it is in your interests to enter into these agreements before approving them.

We have carried out our work in accordance with accepted professional standards. These standards require due diligence in order to ascertain that the information provided to us agrees with the basic documents from which it was derived.

I. AGREEMENTS MADE DURING THE YEAR FOR WHICH PRIOR AUTHORIZATION WAS GIVEN**1-1. WITH UBI PARTICIPATIONS**

- > Agreement authorized by the Board of Directors on September 11, 2000.
Acquisition of 3,453 shares in SINISTER GAMES Inc, for a total of € 5,030,250.
- > Agreement authorized by the Board of Directors on September 25, 2000.
Acquisition of 600,000 shares, i.e. 60% of the capital of 3 D PLANET SpA for a total of € 2,576,562.50.
- > Agreement authorized by the Board of Directors on March 20, 2001.
Acquisition of the shares of BLUE BYTE SOFTWARE Inc, BLUE BYTE SOFTWARE Ltd and BLUE BYTE SOFTWARE GmbH, for a total of FF 87,200,100.
- > Agreement authorized by the Board of Directors on March 22, 2001.
Acquisition of all the shares of the GTC/WIZZARD LLC Group for a total of FF 168,577,792.

1-2. WITH GUILLEMOT FRANCE SA

- > Agreement authorized by the Board of Directors on November 27, 2000.
Acquisition of the entire software distribution business of the company for a total of FF 74,400,000.

1-3. WITH GUILLEMOT INC

- > Agreement authorized by the Board of Directors on December 11, 2000.
Acquisition of 1,000 shares in GUILLEMOT CANADA Inc for a total of CAD 1,000.

1-4. WITH UBI SOFT EDUTAINMENT SA

- > Agreement authorized by the Board of Directors on February 1, 2001.
Sale of 50 shares in LUDIMEDIA SA for a total of FF 25,000.

1-5. WITH UBI SOFT HOLDINGS INC

> Agreement authorized by the Board of Directors on September 15, 2000.

Loan granted to the subsidiary of USD 20,000,000 and repaid at the LIBOR rate plus 0.5% annually. The directors involved in the above agreements were: Yves Guillemot, Michel Guillemot, Claude Guillemot, Gérard Guillemot and Christian Guillemot.

2. AGREEMENTS REACHED DURING THE PREVIOUS FINANCIAL YEAR WHICH REMAINED IN FORCE DURING THIS FINANCIAL YEAR.

Moreover, pursuant to the decree of March 23, 1967, we have been informed that the following agreement, which was approved during a previous financial year, remained in force during the past financial year:

WITH LUDIMEDIA SA

Directors concerned: Michel Guillemot, Claude Guillemot, Gérard Guillemot and Christian Guillemot.

Agreement authorized by the Board of Directors on December 1, 1998.

Under a license agreement for educational and cultural software, your company paid a total of FF 2,673,107.44 (excluding tax) during the financial year ended March 31, 2001.

3. AGREEMENT REACHED DURING THIS FINANCIAL YEAR WITHOUT PRIOR AUTHORIZATION

As the statutory auditors of your company, we are also including our report on agreements covered by Article L 225-42 of the Commercial Code.

Under Article L 225-240 of this code, we hereby advise you that the agreement below was not given prior authorization by your Board of Directors.

On the basis of the information given to us, it is our responsibility to inform you of the essential features and details of this agreement and the circumstances in which the authorization procedure was not followed, but without passing judgment on its usefulness and validity.

WITH UBI VENTURES SA

Sale of 26,672 shares held in STUDENTS-LIFE SA, i.e. 10% of the share capital, for a total of FF 999,910.

The meeting of the Board of Directors on September 1, 2000 was not able to authorize this agreement because all the directors were joint directors of the two companies.

Rennes and Paris, 08/21/2001

BY THE STATUTORY AUDITOR

CABINET ANDRÉ MÉTAYER
André Métayer

COMPAGNIE CONSULAIRE D'EXPERTISE COMPTABLE J. DELQUIÉ
Jean Delquié / Benoît Fléchon



REMUNERATION PAID TO THE PERSONS RECEIVING THE HIGHEST LEVEL OF REMUNERATION DURING THE FINANCIAL YEAR JUST ENDED

ARTICLE 168 OF ACT NO. 66-537 OF JULY 24, 1996 CONCERNING BUSINESS CORPORATIONS

The total for all remuneration, both direct and indirect, including benefits in kind and reimbursement of expenses as allocated during the financial year to March 31, 2001, to the 5 highest-paid employees of the company, amounted to FF 1,086,000.

The Board of Directors

Certified a true record on 08/21/2001

BY THE STATUTORY AUDITOR

CABINET ANDRÉ MÉTAYER
André Métayer

COMPAGNIE CONSULAIRE D'EXPERTISE COMPTABLE J. DELQUIÉ
Jean Delquié / Benoît Flechon

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BOARD OF DIRECTORS AND MANAGEMENT TEAM OF THE UBI SOFT ENTERTAINMENT GROUP

>>> MANAGEMENT

- > Chairman and CEO Mr Yves Guillemot
- > Vice-Presidents Mr Claude Guillemot
Mr Michel Guillemot
Mr Gérard Guillemot
Mr Christian Guillemot

NAME	APPOINTMENT DATE	APPOINTMENT RENEWAL DATE	APPOINTMENT EXPIRATION DATE
Yves Guillemot <i>Chairman and CEO</i>	02/26/88	Renewal of mandate on September 29, 1989	Ordinary General Meeting called to vote on the financial statements for the financial year ended March 31, 2001
Claude Guillemot	01/09/96		Ordinary General Meeting called to vote on the financial statements for the financial year ended March 31, 2001
Michel Guillemot	01/09/96		Ordinary General Meeting called to vote on the financial statements for the financial year ended March 31, 2001
Gérard Guillemot	01/09/96		Ordinary General Meeting called to vote on the financial statements for the financial year ended March 31, 2001
Christian Guillemot	01/09/96		Ordinary General Meeting called to vote on the financial statements for the financial year ended March 31, 2001



>>> BOARD OF DIRECTORS

NAME	APPOINTMENT DATE	APPOINTMENT RENEWAL DATE	APPOINTMENT EXPIRATION DATE
Yves Guillemot <i>Director</i> <i>Chairman of the Board of Directors</i>	02/28/88	> Ordinary General Meeting of 09/29/89 > Ordinary General Meeting of 09/08/95	Ordinary General Meeting called to vote on the financial statements for the financial year ended March 31, 2001
Claude Guillemot <i>Director</i>	02/28/88	> Ordinary General Meeting of 09/29/89 > Ordinary General Meeting of 09/08/95	Ordinary General Meeting called to vote on the financial statements for the financial year ended March 31, 2001
Michel Guillemot <i>Director</i>	02/28/88	> Ordinary General Meeting of 09/29/89 > Ordinary General Meeting of 09/08/95	Ordinary General Meeting called to vote on the financial statements for the financial year ended March 31, 2001
Gérard Guillemot <i>Director</i>	02/28/88	> Ordinary General Meeting of 09/29/89 > Ordinary General Meeting of 09/08/95	Ordinary General Meeting called to vote on the financial statements for the financial year ended March 31, 2001
Christian Guillemot <i>Director</i>	02/28/88	> Ordinary General Meeting of 09/29/89 > Ordinary General Meeting of 09/08/95	Ordinary General Meeting called to vote on the financial statements for the financial year ended March 31, 2001
Yvette Guillemot <i>Director</i>	01/25/96		Ordinary General Meeting called to vote on the financial statements for the financial year ended March 31, 2001

The Board of Directors met about twenty times during FY00/01.

The Board of Directors and the management team as a whole have not been granted options on the stock of the company or its tier-one or tier-two subsidiaries.

No committees have been set up by the management team or executive bodies.

>>> OFFICES HELD BY THE DIRECTORS

Mr Yves GUILLEMOT

CEO and Chairman of the Board of Ubi Soft Entertainment SA. His term of office will expire at the Ordinary General Meeting convened to vote on the financial statements for the year to March 31, 2001.

Other functions:

Chairman

UBI SOFT FRANCE SA
UBI WORLD SA
UBI SOFT DIFFUSION SA
UBI SOFT EDUTAINMENT SA
GAMEBUSTERS GMBH (Austria)
UBI SOFT SPA (Italy)
UBI SOFT SA (Spain)
UBI SOFT ENTERTAINMENT Ltd (Hong Kong)
UBI COMPUTER SOFTWARE BEIJING COMPANY Ltd (Beijing)
UBI SOFT KK (Japan)
UBI SOFT DIVERTISSEMENTS Inc (Canada)
UBI SOFT PUBLISHING OEM Inc (Canada)
UBI SOFT Inc (San Francisco)
UBI SOFT HOLDINGS Inc (San Francisco)
RED STORM ENTERTAINMENT Inc
BLUE BYTE SOFTWARE Inc
UBI STUDIOS KK (Japan)
UBI DIGITAL MOVIES Inc (Canada)

Vice-Chairman

Shanghai UBI COMPUTER SOFTWARE COMPANY Ltd

Managing Director

UBI SOFT ENTERTAINMENT GMBH (Germany)
UBI SOFT ENTERTAINMENT NORDIC AS (Denmark)
UBI SOFT ENTERTAINMENT SPRL (Belgium)
UBI SOFT ENTERTAINMENT Ltd (Great Britain)
UBI SOFT PTY Ltd (Australia)
UBI SOFT ENTERTAINMENT SWEDEN AB (Sweden)

Director and Chairman

UBI PARTICIPATIONS SA

Director and Vice-President

GAMELOFT.COM SA
GUILLEMOT CORPORATION SA
GUILLEMOT PARTICIPATIONS SA
LUDIGAMES SA
UBI VENTURES SA

Manager

UBI EMEA SARL
UBI MARKETING RESEARCH SARL
UBI RESEARCH & DEVELOPMENT SARL
UBI SIMULATIONS SARL
UBI ANIMATION SARL
UBI ANIMATION SARL
UBI GAME DESIGN SARL
UBI GRAPHICS SARL
UBI INFO DESIGN SARL
UBI NETWORKS SARL
UBI SOUND STUDIO SARL
UBI WORLD STUDIOS SARL
UBI PRODUCTIONS FRANCE SARL

UBI SOFT ENTERTAINMENT SPRL (Belgium)
UBI SOFT ENTERTAINMENT BV (Netherlands)
UBI SOFT ENTERTAINMENT SARL (Morocco)

Mr Gérard GUILLEMOT

Director and Vice-President of Ubi Soft Entertainment SA. His term of office will expire at the Ordinary General Meeting convened to vote on the financial statements of the year to March 31, 2001.

Chairman

LUDIMEDIA SA
UBI VOICES Inc (United States)
UBI MUSIC PUBLISHING Inc (Canada)
UBI MUSIC Inc (Canada)
UBI DIGITAL MOVIES Inc (Canada)
UBI SOFT ENTERTAINMENT Inc (New York)

Managing Director

UBI SOFT ENTERTAINMENT Ltd (Hong Kong)
UBI SOFT KK (Japan)
Shanghai UBI COMPUTER SOFTWARE COMPANY Ltd (China)
UBI SOFT Inc (San Francisco)
UBI SOFT SA (Spain)

Director and Chairman

GAMELOFT.COM SA

Director and Vice-President

UBI SOFT EDUTAINMENT SA
UBI PARTICIPATIONS SA
GUILLEMOT CORPORATION SA
GUILLEMOT PARTICIPATIONS SA
LUDIGAMES SA
UBI VENTURES SA

Director

UBI STUDIOS SA
UBI SOFT FRANCE SA
UBI WORLD SA
UBI SOFT DIFFUSION SA
UBI SOFT PUBLISHING OEM Inc (Canada)
UBI SOFT DIVERTISSEMENTS Inc (Canada)

Manager

LUDI FACTORY SARL

Mr Michel GUILLEMOT

Director and Vice-President of Ubi Soft Entertainment SA. His term of office will expire at the Ordinary General Meeting convened to vote on the financial statements of the year to March 31, 2001.

Chairman

UBI SOFT DIVERTISSEMENTS Inc (Canada)

Managing Director

UBI SOFT KK (Japan)
Shanghai UBI COMPUTER SOFTWARE COMPANY Ltd (China)
UBI COMPUTER SOFTWARE BEIJING COMPANY Ltd (Beijing)
UBI SOFT ENTERTAINMENT Ltd (Hong Kong)
UBI SOFT Inc (San Francisco)
UBI SOFT SA (Spain)



Director and Chairman

LUDIGAMES SA

Director and Vice-President

UBI SOFT EDUTAINMENT SA
 UBI PARTICIPATIONS SA
 GUILLEMOT CORPORATION SA
 GUILLEMOT PARTICIPATIONS SA
 UBI VENTURES SA
 GAMELOFT.COM SA

Director

UBI STUDIOS SA
 LUDIMEDIA SA
 UBI SOFT FRANCE SA
 UBI SOFT DIFFUSION SA
 UBI WORLD SA
 UBI SOFT PUBLISHING OEM Inc (Canada)

Manager

UBI STUDIOS SRL (Italy)
 UBI STUDIOS SL (Spain)
 UBI SOFT SRL (Romania)
 UBI SOFT ENTERTAINMENT SARM (Morocco)

Mr Claude GUILLEMOT

Director and Vice-President of Ubi Soft Entertainment SA. His term of office will expire at the Ordinary General Meeting convened to vote on the financial statements of the year to March 31, 2001.

Director

LUDIMEDIA SA
 UBI STUDIOS SA
 UBI SOFT FRANCE SA
 UBI WORLD SA
 UBI SOFT DIFFUSION SA
 UBI SOFT DIVERTISSEMENTS Inc (Canada)
 UBI SOFT PUBLISHING OEM Inc (Canada)

Director and Vice-President

UBI SOFT EDUTAINMENT SA
 UBI PARTICIPATIONS SA
 UBI VENTURES SA
 LUDIGAMES SA
 GAMELOFT.COM SA

Director and Chairman and CEO

GUILLEMOT PARTICIPATIONS SA

Managing Director

UBI SOFT ENTERTAINMENT Ltd (Hong Kong)
 Shanghai UBI COMPUTER SOFTWARE COMPANY Ltd (China)
 UBI SOFT Inc (San Francisco)
 UBI SOFT ENTERTAINMENT Inc (New York)

Chairman and CEO

GUILLEMOT CORPORATION SA

Mr Christian GUILLEMOT

Director and Vice-President of Ubi Soft Entertainment SA. His term of office will expire at the Ordinary General Meeting convened to vote on the financial statements of the year to March 31, 2001.

Director

LUDIMEDIA SA
 UBI STUDIOS SA
 UBI SOFT FRANCE SA
 UBI WORLD SA
 UBI SOFT DIFFUSION SA
 UBI SOFT PUBLISHING OEM Inc (Canada)
 UBI SOFT DIVERTISSEMENTS Inc (Canada)
 UBI SOFT ENTERTAINMENT SWEDEN AB (Sweden)

Manager

UBI BOOKS AND RECORDS SARM
 UBI ADMINISTRATION SARM
 UBI PICTURES SARM
 UBI SOFT ENTERTAINMENT SPRL (Belgium)
 UBI SOFT ENTERTAINMENT SARM (Morocco)

Director and Vice-President

UBI SOFT EDUTAINMENT SA
 GAMELOFT.COM SA
 UBI PARTICIPATIONS SA
 GUILLEMOT CORPORATION SA
 GUILLEMOT PARTICIPATIONS SA
 LUDIGAMES SA

Managing Director

UBI SOFT ENTERTAINMENT NORDIC AS (Denmark)
 UBI SOFT ENTERTAINMENT Ltd (Great Britain)
 UBI SOFT ENTERTAINMENT Ltd (Hong Kong)
 Shanghai UBI COMPUTER SOFTWARE COMPANY Ltd (China)
 UBI SOFT PTY Ltd (Australia)
 UBI SOFT Inc (San Francisco)

Director and Chairman and CEO

UBI VENTURES SA

Ms Yvette GUILLEMOT

Director of Ubi Soft Entertainment SA. Her term of office will expire at the Ordinary General Meeting convened to vote on the financial statements of the year to March 31, 2001.

Managing Director

Shanghai UBI COMPUTER SOFTWARE COMPANY Ltd (China)

Director

UBI WORLD SA
 UBI VENTURES SA

8

RECENT DEVELOPMENTS AND OUTLOOK

>>> 8.1. RECENT DEVELOPMENTS: STEADY BUSINESS IN THE FIRST QUARTER OF THE 2001 /2002 FINANCIAL YEAR

April 2001

- > Announcement of the **Rayman M** series, a new real-time multiplayer game. It will be available on PC and PlayStation®2 in November 2001, and an X-box version is scheduled for 2002.
- > Integration of the **Canada** distribution network

Ubi Soft acquired the Guillemot Corporation's interactive software distribution division for Canada. The main business of the new organization, which will employ about ten staff, includes the sale, distribution and promotion of products throughout Canada.

May 2001

- > Signing of an agreement with Sony Online Entertainment for the publication of **PlanetSide**, the first massively multiplayer online shooting game. This exclusive agreement covers Europe, Australia and Japan. It is scheduled for release in the second quarter of 2002.
- > Signing of an agreement with Crave Entertainment for the publication of **Battle Realms** for PC. It is scheduled for release in September 2001.
- > Signing of a worldwide agreement with Sony Pictures for the development of **Crouching Tiger, Hidden Dragon™**, a game inspired by the well-known film, which won four Oscars. The game is scheduled for release in spring 2002 on PlayStation®2, PC, Game Cube, Game Boy®Advance and X-box.
- > Signing of a licensing agreement with **Codemaster** for three games on Game Boy®Advance: Colin Mc Rae Rally 2.0, Mike Tyson Boxing and TOCA World Touring Cars.
- > Ubi Soft won several IGN prizes at the Electronic Entertainment Expo (E3) in Los Angeles:
 - > Rayman Advance: prize for the best performance and graphics on handheld consoles;
 - > IL 2 Sturmovik: prize for the best PC Simulation game;
 - > Battle Realms: prize for the best PC Strategy game;
 - > Pool of Radiance II: prize for the best Role-Playing game (RPG).

June 2001

- > **Myst®III: Exile** topped the sales charts in the United States according to the PC Data and Amazon.com ratings.
- > **Myst®III: Exile** for PC and Macintosh sold more than 75,000 copies during the first two weeks following its release. According to PC Data, **Myst® III: Exile** was also number one on the PC game sales charts in volume and sales figures. According to Australia's Inform Official National Chart, the game was also at the top of the country's charts of the launch.
- > Release of **Rayman®Advance** in the United States and Europe simultaneously with the launch of Nintendo's handheld console.
- > Signing of an agreement with **Capcom®** for seven Game Boy®Advance games, including: Super Street Fighter II Turbo Revival, Street Fighter Alpha 3 (provisional name), Mega Man Battle Network, Breath of Fire and Final Fight One. Ubi Soft will publish these games in Europe, Australia, New Zealand and Eastern Europe. They will all be out by the start of 2002.

July 2001

- > Ubi Soft and Ludigames announced the release of 15 games for personal digital assistants (PDAs) for Christmas 2001.
- > Signing of a worldwide publishing agreement with Team 17 covering the next **Worms** brand game on PlayStation®2, PC, Game Boy®Advance and GameCube™. Worms Blast is scheduled for release in autumn 2001.

August 2001

- > Announcement of a rise in first quarter consolidated sales of 162%. During the first quarter 2001/2002, Ubi Soft had consolidated sales of **60.39 million euros**, up by 162.5% over the same period in the preceding financial year. On a like-for-like basis, in other words without the acquisition of 3D Planet (Italy), Sinister Games (United States), and Red Storm (United States), which were consolidated from 1 October 2000, Blue Byte, which was consolidated from 6 February 2001, and the assets of the TLC division, first quarter sales were 36.81 million euros, up by 60%.



The North American region more than tripled its sales compared with the first quarter of the preceding year, and accounted for 47% of the Group's total sales. Europe grew at an average pace of 75%, with growth exceeding 100% in Great Britain (+205%), Germany (+135%), Italy (+265%), Spain (+111%) and the Netherlands (+160%). Europe accounted for about 48% of the Group's sales, reflecting 29 million euros in sales. The Pacific zone also doubled its sales.

>>> 8.2. OUTLOOK AND STRATEGY

8.2.1. The environment

Recovery expected in global demand for video games

In the second half of 2001, two new 128-bit game consoles will become available: Nintendo's GameCube and Microsoft's X-box, along with Nintendo's Game Boy@Advance handheld console.

There will also be large numbers of the PlayStation@2 available: 20 million units are forecast on the three main markets worldwide (Japan, United States, Europe), bringing the installed base to 32 million units. This is more than half the PS@One base at less than two years from its release.

In addition, Sony, Microsoft and Nintendo will invest hundreds of millions of dollars in marketing, either to defend established positions or to position themselves as challengers.

Online games will also experience growth, as a consequence not only of the steady increase in numbers of PCs and the ongoing move to broadband, but also of the Internet connections available on the new consoles.

These factors should lead to steady growth in the market starting in the second half-year.

8.2.2. Ubi Soft's growth strategy

Ubi Soft's objective is to achieve sales of 1.5 billion dollars by March 2006 and establish itself as one of the top five companies¹ in the world in the field of interactive games. To do this, Ubi Soft is working to develop a portfolio of strong international brands that will enable it to generate higher profits and optimize both its production costs and its distribution network.

The Group's growth strategy is based on the following main elements:

- > capitalizing on established brands;
- > maximizing its great capacity for in-house development and its international production system;

- > Ubi Soft launched **ShadowBane**, a massively multiplayer online game in North America, developed by Wolfpack Studios (Texas). The game is scheduled for release in the first quarter of 2002. The exclusive agreement covers Europe, Australia and Japan.

- > controlling a worldwide distribution network;
- > developing its online business.

8.2.3. Financial Year 2001/2002

160 titles are currently being developed in Ubi Soft studios around the world, 50% of which will have multiplayer and online options. 70 titles are being produced on new platforms, of which 19 on GameCube™ and 5 on X-box. As previously, Ubi Soft will have a presence both at the launch of the new Game Cube™ and X-box consoles and in the months which follow.

Among this year's leaders are:

- > Myst@III : Exile (PC, X-box)
- > Rayman M (PS@2, GameCube™ et PC)
- > Batman Vengeance (PS@2, GameCube™, X-box, GB@A)
- > Tarzan Free Ride(PS@2, GameCube™)
- > Ghost Recon (PC, PS@2, Xbox)
- > Battle Realms (PC)
- > IL2 Sturmovik (PC)

and 14 titles on Game Boy@Advance:

- > Rayman@Advance
- > Rogue Spear
- > Disney's Donald Quack Attack
- > Streer Fighter 2X Revival
- > Planet of Apes...

Ubi Soft aims to build on these strengths to achieve steady growth over the year and make substantial improvements in profitability.

¹ Excluding manufacturers



TABLE OF CONCORDANCE

This document has been prepared in accordance with Regulation 98-01 of the Commission des Opérations de Bourse, which specifies the information to be disclosed on admission to a regulated market for financial instruments and when issuing financial instruments for which admission to trading on a regulated market is requested, and in accordance with the application instruction issued pursuant to this regulation.

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